

Agenda

City Council

Extended Study Session

MONDAY
July 26, 2004

6:00 – 10:00 p.m.
Council Conference Room

Page

1. Executive Session

- (a) Potential litigation (*approximately 20 minutes*)
- (b) Property acquisition (*approximately 30 minutes*)
- (c) Potential litigation (*approximately 10 minutes*)

2. Communications: Written and Oral

Note: Three-minute limit per person, or five minutes if representing the official position of a recognized organization. A maximum of three persons is permitted to speak to each side of any one topic.

3. Study Session

- (a) Council new initiatives (*no packet materials*)
- (b) City Manager's Report

(1) Management Brief regarding the New City Building (NCB) groundbreaking event	NCB Team	<u>3-1</u>
---	----------	------------

(2) Issuance and sale of approximately \$6,995,000 of WaterWorks Utility Revenue Refunding Bonds	FIN Jan Hawn	<u>3-2</u>
--	-----------------	------------

*(Council action is scheduled at July 29, 2004
Special Meeting)*

City Council meetings are wheelchair accessible. American Sign language (ASL) interpretation is available upon request. Please phone 452-6805 at least 48 hours in advance.



City of Bellevue

		<u>Page</u>
(3) Management Brief regarding siting of Mercer Slough Environmental Center	PARK Patrick Foran	<u>3-72</u>
<i>(Unless Council directs otherwise, staff will seek approval from Pacific Science Center and pursue project implementation in location on east side of Slough.)</i>		
(4) Management Brief providing update on South Bellevue Community Center	PARK Patrick Foran	<u>3-79</u>
<i>(Council action on bid award is scheduled for August 2, 2004 Regular Session)</i>		
(c) Bellevue Economic Partnership update	PCD Ellen Miller-Wolfe	<u>3-82</u>
<i>(For discussion)</i>		
(d) Discussion and direction regarding a proposed ordinance amending the Bellevue City Code (BCC) to allow signs at the upper levels of high-rise buildings downtown; amending Sections 22B.10.020 and 22B.10.025 of the BCC	PCD Kate Berens	<u>3-83</u>
<i>(For discussion. Staff seeks direction to schedule action on proposed ordinance or modified ordinance at August 2, 2004 or future meeting.)</i>		
(e) Presentation and discussion of Cultural Compass: a Strategic Vision for Arts and Culture	PCD Matt Terry/ Carla Weinheimer/ Mary Pat Byrne	<u>3-112</u>
<i>(For initial discussion. Further discussion of this report will be scheduled in September, 2004.)</i>		

City Council meetings are wheelchair accessible. American Sign language (ASL) interpretation is available upon request. Please phone 452-6805 at least 48 hours in advance.



City of Bellevue

- (f) Continued discussion of appeal of Conditional Use Application of Michael's Toyota

PCD

3-137

(This is a Process I land Use application. Under Process I, the Hearing Examiner is the final decision-maker for the City unless decision is appealed to City Council. The limited public hearing on this matter was held and closed on July 19, 2004.

Council direction on preparation of Ordinance is requested)

- (g) Report of the Joint Feasibility Team on the Proposed Port investment in Meydenbauer Center expansion
(report under separate cover)

PCD
Matt Terry

3-143

(Staff seeks comment/feedback on report. Council action to adopt report findings, conclusions, and recommendations, initiate work of the Budget and Operations Committee, and amend the MOU is scheduled for August 2, 2004.)

- (h) Regional Issues

CMO
Diane Carlson

3-156

4. Discussion of upcoming items

City Council meetings are wheelchair accessible. American Sign language (ASL) interpretation is available upon request. Please phone 452-6805 at least 48 hours in advance.



City of Bellevue

WELCOME TO YOUR BELLEVUE CITY COUNCIL MEETING

Most City Council business is conducted in public, and citizens are most welcome to watch and listen.

In order to hold a meeting, a *quorum* of at least four Councilmembers must be present. The Council operates under its own Rules and Procedures, and conducts its meetings according to Robert's Rules of Order.

Councilmembers may add items to the meeting's *agenda* for discussion or action, with a majority vote of those present, at the time when the agenda is approved. Before any agenda item can be acted upon, the Mayor will call for a *motion* to take action on that item. After the motion is *seconded*, the Council discusses the arguments for and against the motion.

Sometimes a Councilmember will propose a different course of action on a subject on the agenda. This is called a *substitute motion* and also requires a second. After discussion, the substitute motion is voted upon first. If a majority of the Councilmembers vote for the substitute motion, it passes and the matter is completed. If the substitute motion fails to obtain a majority, the Council returns to the original motion and continues to discuss and vote on it.

Other times, a Councilmember may wish to change a pending motion in some way. This is called an *amendment*. It also requires a second and is voted upon before a vote is taken on the main motion. If the amendment passes, the main motion is then voted upon "as amended". If the amendment does not receive a second or a majority vote, the main motion, as originally proposed, is voted upon.

The *Consent Calendar* portion of the agenda allows the Council to act on several items of business with one motion and vote. Items on the Consent Calendar are usually recurring "housekeeping" matters, legislation that follows-up decisions from previous meetings, and other issues for which no debate or dissenting votes are expected.

When necessary, the Council may recess to an *executive session*. During these closed sessions, the Councilmembers are limited, by law, to discussing only such items as personnel issues, property acquisition and disposition, and quasi-judicial matters*; or to receiving advice from legal counsel on pending or potential litigation. The Mayor or Deputy Mayor will announce both the reason for any executive session and the anticipated time when the Council will return.

* "Quasi-judicial" matters are those in which the Councilmembers sit as "judges" to decide issues involving specifically-identified property or other rights between individuals or parties. This is as opposed to the Council's usual role of acting in a legislative or policy-making capacity.



MEMORANDUM

Date: July 21, 2004

To: Mayor Marshall
Deputy Mayor Noble
Councilmembers

From: Steve Sarkozy

Re: New City Hall Groundbreaking Ceremony

One important step in our long-term process to develop a new City Hall has nearly arrived: the groundbreaking for the new City Hall. As you know, we are planning a brief groundbreaking ceremony to mark the start of construction, and you have all received formal invitations. Members of the public are welcome to attend, so please invite your friends and neighbors.

Here are the details of the event:

What: Groundbreaking Ceremony

When: 10 a.m., Thursday, July 29, 2004

Where: 450 110th Avenue Northeast

Bellevue's new City Hall is conveniently located just off Interstate 405 on Northeast 4th Street, between 110th Avenue Northeast and 112th Avenue Northeast. Free parking for the groundbreaking will be available on the 3rd and 4th levels of the parking garage. Please enter from 112th Avenue Northeast.

Item No. 3(b)(2)

CITY COUNCIL AGENDA MEMORANDUM

SUBJECT

Ordinance No. _____, authorizing the issuance and sale of approximately \$6,995,000 Waterworks Utility Revenue Refunding Bonds

STAFF CONTACTS

Jan Hawn, Finance Director, 452-6846
Nav Ota, Assistant Director of Utilities, 452-2041

POLICY ISSUE

Shall the Council authorize the issuance and sale of Waterworks Utility Revenue Refunding bonds? With interest rates at their lowest level in forty years, it is prudent for the City to refund certain outstanding bonds that are eligible for refunding in order to reduce debt service costs.

DIRECTION NEEDED FROM COUNCIL

☒ Action at July 29 Special Meeting
☐ Discussion
☐ Information

FISCAL IMPACT

The proposed issuance is expected to achieve a present value savings of approximately \$520,000. This number is net of transactional costs. Actual savings, however, may vary depending on market circumstances on the date of the sale of the bonds. The size of the refunding bond is approximate; the final amount will be determined at the time of pricing the bonds.

The pricing of the bonds will need to be such that the refundings will yield a present value savings of at least three percent of the principal amount of the refunding debt being issued, in accordance with the requirements of the City's Debt Policy that was recently revised by City Council Ordinance no. 5465 on September 8, 2003. Should such savings not materialize on the day of the bond sale for each of the issuances, the City reserves the right to proceed with refunding only a portion of each of the bonds, or none at all.

BACKGROUND

The City anticipates issuing a refunding bond issue for the Water Revenue Bonds, Series 1991 and the Water Revenue Bonds, Series 1994. The Series 1991 bonds mature in 2011 and the Series 1994 mature in 2010.

The refunding bonds are scheduled to be competitively sold at 9:30 a.m. on Thursday, July 29, 2004. Thereafter, a memo will be provided to Council providing the details of the pricing and staff's recommendation. The ordinance included with this Agenda Memo has several blanks that will be filled in after the bids are received and prior to Council action. The ordinance will be presented to Council for consideration on July 29, 2004 at the 11:30 a.m. Special Meeting with the actual numbers inserted following the sale which will have occurred earlier that morning.

EFFECTIVE DATE

If approved, this ordinance becomes effective five days after its passage and publication.

OPTIONS

1. Adopt Ordinance No. _____, authorizing the issuance and sale of approximately \$6,995,000 Waterworks Utility Revenue Refunding Bonds.
2. Do not approve Ordinance No. _____ and provide alternative direction to staff to redesign the Finance Plan to utilize a different long-term financing mechanism.

RECOMMENDATION

1. Adopt Ordinance No. _____, authorizing the issuance and sale of approximately \$6,995,000 Waterworks Utility Revenue Refunding Bonds.

MOTION

Move to adopt Ordinance No. _____, authorizing the issuance and sale of approximately \$6,995,000 Waterworks Utility Revenue Refunding Bonds.

ATTACHMENTS

Proposed Ordinance No. _____

AVAILABLE IN COUNCIL OFFICE

N/A

**CITY OF BELLEVUE, WASHINGTON
WATERWORKS UTILITY REVENUE REFUNDING BONDS, 2004**

ORDINANCE NO. _____

AN ORDINANCE of the City of Bellevue, Washington, authorizing the issuance and sale of \$_____ principal amount of waterworks utility revenue refunding bonds to provide a portion of the funds necessary to refund the City's outstanding waterworks utility revenue bonds and to pay costs of issuing the bonds; and fixing the form, terms and covenants of the bonds.

Passed: _____, 2004

PREPARED BY:

**PRESTON GATES & ELLIS LLP
925 Fourth Avenue
Suite 2900
Seattle, Washington 98104-7078**

TABLE OF CONTENTS

	Page
Section 1. Definitions	2
Section 2. Authorization of the Bonds	12
Section 3. Registration, Exchange and Payments	13
Section 4. Redemption	18
Section 5. Revenue Fund	20
Section 6. Rate Stabilization Account	22
Section 7. Bond Fund	22
Section 8. Adequacy of Revenue	26
Section 9. General Covenants	26
Section 10. Tax Covenants; Special Designation	30
Section 11. Payment Agreements	30
Section 12. Future Parity Bonds	32
Section 13. Bonds Deemed to Be No Longer Outstanding	36
Section 14. Form of the Bonds	37
Section 15. Execution and Authentication of the Bonds	40
Section 16. Lost or Stolen Bonds	41
Section 17. Sale of Bonds	41
Section 18. Official Statement	41
Section 19. Application of Bond Proceeds	42
Section 20. Refunding Account; Application of Bond Proceeds	42
Section 21. Redemption of Refunded Bonds	44
Section 22. Finding of Defeasance	45
Section 23. Undertaking to Provide Ongoing Disclosure	46
Section 24. Separate Utility System	50
Section 25. Contract Resource Obligations	50
Section 26. Authorization to Officials and Agents	52
Section 27. Supplements and Amendments	52
Section 28. Bond Insurance and Reserve Surety Policy	54
Section 29. Defaults and Remedies	55
29.1 Events of Default	55
29.2 Bondowners' Trustee	55

29.3	Suits at Law or in Equity.....	56
29.4	Application of Money Collected by Bondowners' Trustee.....	58
29.5	Duties and Obligations of Bondowners' Trustee.....	59
29.6	Suits by Individual Bondowners Restricted.....	60
29.7	Payment Solely From Net Revenue and Certain Funds	61
Section 30.	Severability	61
Section 31.	Ratification	61
Section 32.	Effective Date.....	62

CITY OF BELLEVUE, WASHINGTON

ORDINANCE NO. _____

AN ORDINANCE of the City of Bellevue, Washington, authorizing the issuance and sale of \$_____ principal amount of waterworks utility revenue refunding bonds to provide a portion of the funds necessary to refund the City's outstanding waterworks utility revenue bonds and to pay costs of issuing the bonds; and fixing the form, terms and covenants of the bonds.

WHEREAS, pursuant to Ordinance No. 2169, as amended by Ordinance No. 2181, the sanitary sewerage system of the City of Bellevue, Washington (the "City"), was combined with and became a part of the waterworks utility of the City and, pursuant to Ordinance No. 2845, the storm and surface water utility of the City created and established by Ordinance No. 2003 was combined with and made a part of such combined water distribution system and sanitary sewerage system, and such combined systems (hereinafter defined together with all additions thereto and betterments and extensions thereof heretofore or hereafter made as the "Waterworks Utility") are maintained and operated jointly; and

WHEREAS, pursuant to Ordinance No. 4284 of the City, the City issued \$2,600,000 principal amount of its "Water and Sewer Revenue Bonds, 1991" (the "1991 Bonds"), which bonds are currently outstanding in the principal amount of \$1,485,000; and

WHEREAS, pursuant to Ordinance No. 4678 of the City, the City issued \$11,740,000 principal amount of its "Water and Sewer Revenue Refunding Bonds, 1994" (the "1994 Bonds"), which bonds are currently outstanding in the principal amount of \$6,645,000; and

WHEREAS, the City wishes to authorize the issuance of bonds secured by revenues of the Waterworks Utility to refund all of the outstanding 1991 Bonds and 1994 Bonds;

WHEREAS, the City provided notice of its intent to sell the bonds by competitive bid in the form of the Official Notice of Bond Sale, attached as Exhibit A, and received _____ bids for the purchase of the bonds; and

WHEREAS, _____ submitted the bid, attached as Exhibit B, to purchase the bonds at the lowest true interest cost to the City; NOW THEREFORE,

THE CITY COUNCIL OF THE CITY OF BELLEVUE, WASHINGTON, DO ORDAIN, as follows:

Section 1. Definitions. As used in this ordinance the following words shall have the following meanings:

“Accreted Value” means:

(1) with respect to any Deferred Interest Bonds, as of the time of calculation, the sum of the amount representing the initial principal amount of such Deferred Interest Bonds as set forth in the applicable ordinance authorizing the issuance of Parity Bonds plus the interest accumulated, compounded and unpaid thereon as of the most recent compounding date, or

(2) with respect to original issue discount bonds under the Code, as of the time of calculation, the amount representing the initial public offering price of such original issue discount bonds plus the amount of the discounted principal which has accreted since the date of issue, determined in accordance with the provisions of the applicable ordinance authorizing the issuance of Parity Bonds.

“Acquired Obligations” means the obligations acquired pursuant to Section 20 hereof to refund the Refunded Bonds.

“Annual Debt Service” for any fiscal year or calendar year means the sum of:

(a) the interest due in such year on all outstanding Parity Bonds excluding, however, interest to be paid from the proceeds of Parity Bonds, and any Payment Agreement Payments due in such year,

(b) the principal of all outstanding Serial Bonds due in such year, and

(c) the Sinking Fund Requirement, if any, for such year.

For the purpose of calculating Annual Debt Service for purposes of the Future Parity Bonds tests outlined in Section 12 and the Reserve Account Requirement:

(i) in the case of Variable Rate Bonds, the interest rate thereon shall be calculated on the assumption that such Parity Bonds will bear interest during such period at a rate equal to (i) the average rate borne by the Variable Rate Bonds outstanding during the 12 months preceding the date of calculation or (ii) if the Variable Rate Bonds were not Outstanding during such preceding 12 months, the rate equal to an average of the BMA Index for 12 months of the 13 months preceding the date of calculation; provided, that if a Payment Agreement is executed in connection with a series of Variable Rate Bonds that has the effect of converting the Variable Rate to a synthetic fixed rate of interest or limiting the range of possible Variable Rates, then for purposes of calculating Annual Debt Service, the assumed interest rate for such Parity Bonds shall be the synthetic fixed rate of interest or maximum Variable Rate, as applicable, payable by the City under the Payment Agreement for the term of the Payment Agreement;

(ii) in the case of Parity Bonds bearing a fixed rate of interest and if a Payment Agreement is executed in connection with those Parity Bonds that has the effect of converting the fixed rate of interest thereon to a synthetic Variable Rate, then for purposes of calculating Annual Debt Service, the assumed interest rate for such Parity Bonds shall be the maximum synthetic

Variable Rate payable by the City under the Payment Agreement for the term of the Payment Agreement; and

(iii) in the case of Deferred Interest Bonds, the Accreted Value becoming due at maturity, or by virtue of a mandatory sinking fund deposit, shall be included in the calculation of Annual Debt Service and references in this Ordinance to principal on Parity Bonds shall include the Accreted Value of any Capital Appreciated Bonds.

Notwithstanding the foregoing, debt service on Parity Bonds with respect to which a Payment Agreement is in force shall be calculated by the City to reflect the net economic effect on the City intended to be produced by the terms of such Parity Bonds and the terms of such Payment Agreement, in accordance with the requirements applicable to such Payment Agreement.

“Arbitrage Certificate” means the Arbitrage and Tax Certification executed by the Finance Director pertaining to certain federal tax matters and to the calculation and payment of any Rebate Amount with respect to the Bonds.

“Assessments” means assessments (including interest and penalties) levied in any utility local improvement district of the City for the acquisition or construction of additions and improvements to and extension of the Waterworks Utility, if such assessments are pledged to be paid into the Bond Fund.

“Average Annual Debt Service” means the amount determined by dividing (a) the sum of all interest and principal to be paid on all Parity Bonds from the date of determination to the last maturity date of such Parity Bonds, by (b) the number of fiscal years or calendar years from and including the fiscal year or calendar year in which the determination is made to the last fiscal year or calendar year in which any of such Parity Bonds will be outstanding.

“BMA Index” means the BMA Municipal Swap Index disseminated by Municipal Market Data, a Thomson Financial Services Company, or its successor, or a comparable index selected by the Authority if such index is no longer published.

“Bond Fund” means that special fund of the City to be known as the “Waterworks Utility Revenue Bond Redemption Fund,” authorized to be created pursuant to Section 7 of this ordinance for the payment of principal of and interest on the Bonds and any Future Parity Bonds.

“Bond Insurance Policy” means the municipal bond insurance policy issued by the Insurer insuring the payment when due of the principal of and interest on the Bonds as provided therein.

“Bond Registrar” means the fiscal agency of the State of Washington in either Seattle, Washington, or New York, New York, whose duties include registering and authenticating the Bonds, maintaining the Bond Register, transferring ownership of the Bonds, and paying the principal of and interest on the Bonds.

“Bonds” means the \$ _____ par value of “Waterworks Utility Revenue Refunding Bonds, 2004” authorized to be issued by the City pursuant to this ordinance.

“City” means the City of Bellevue, Washington.

“Code” means the federal Internal Revenue Code of 1986, as amended, and applicable regulations thereunder.

“Commission” means the Securities and Exchange Commission.

“Contract Resource Obligation” means an obligation of the City, designated as a Contract Resource Obligation and entered into pursuant to Section 25 of this ordinance, to make payments for water or sewer supply, transmission or other commodity or service to another person or entity (including without limitation a separate utility system created pursuant to Section 24 of this ordinance).

"Council" means the City Council of the City, the general legislative authority of the City, as the same shall be duly and regularly constituted from time to time.

"Debt Service Account" means the account of that name in the Bond Fund created pursuant to Section 7 of this ordinance.

"Deferred Interest Bonds" means any Parity Bonds, all or a portion of the interest on which is compounded and accumulated at the rates or in the manner, and on the dates, set forth in the applicable ordinance authorizing the issuance of Parity Bonds and is payable only upon redemption or on the maturity date of such Parity Bonds. Parity Bonds that are issued as Deferred Interest Bonds, but later convert to obligations on which interest is paid periodically, shall be Deferred Interest Bonds until the conversion date and thereafter shall no longer be Deferred Interest Bonds, but shall be treated as having a principal amount equal to their Accreted Value on the conversion date.

"DTC" means The Depository Trust Company, New York, New York.

"Escrow Agent" means the bank or trust company appointed by the Finance Director pursuant to Section 20 hereof.

"Escrow Agreement" means the agreement between the City and the Escrow Agent entered into pursuant to Section 21 hereof.

"Finance Director" means the Finance Director of the City, or any other officer who succeeds to substantially all of the responsibilities of that office specified in this ordinance.

"Future Parity Bonds" means all revenue bonds or other revenue obligations of the City issued after the date of the issuance of the Bonds and having a lien upon Gross Revenue for the payment of the principal thereof and interest thereon equal to the lien upon Gross Revenue for the payment of the principal of and interest on the Bonds.

“Government Obligations” has the meaning given to such term in RCW Chapter 39.53, as the same may be amended from time to time.

“Gross Revenue” means all earnings, revenue and money, except Assessments, received by the City from or on account of the operation of the Waterworks Utility, including proceeds from the sale, lease or other disposition of any of the properties or facilities of the Waterworks Utility, and the income from investments of money in the Revenue Fund and any bond fund or from any other investment thereof except the income from investments irrevocably pledged to the payment of revenue bonds pursuant to a plan of retirement or refunding. The words “Gross Revenue” shall not include capital recovery charges, grants or bond proceeds, but shall include federal or state reimbursements of operating expenses to the extent such expenses are included as “Operation and Maintenance Expenses.”

“Insurer” means _____.

“MSRB” means the Municipal Securities Rulemaking Board or any successor to its functions.

“Net Revenue” means Gross Revenue less the Operation and Maintenance Expenses.

“1991 Bonds” means the outstanding “Water and Sewer Revenue Bonds, 1991” issued pursuant to Ordinance No. 4284.

“1994 Bonds” means the outstanding “Water and Sewer Revenue Refunding Bonds, 1994” issued pursuant to Ordinance No. 4678.

“NRMSIR” means a nationally recognized municipal securities information repository.

“Operation and Maintenance Expenses” means all expenses incurred by the City in causing the Waterworks Utility to be operated and maintained in good repair, working order and condition, including without limitation: deposits, premiums, assessments or other payments for

insurance, if any, on the Waterworks Utility; payments into pension funds; State-imposed taxes; amounts due under Contract Resource Obligations (but only at the times described in Section 25 of this ordinance); payments made to any other person or entity for the receipt of water or sewer supply or transmission or other right, commodity or service; payments made to any other person or entity that are required in connection with the operation of the Waterworks Utility or the acquisition or transmission of water or sewer or storm water and that are not subordinate to the lien of the Parity Bonds; and payments with respect to any other expenses of the Waterworks Utility that are properly treated as operation and maintenance expenses under generally accepted accounting principles applicable to municipal corporation. Operation and Maintenance Expenses does not include any depreciation or taxes levied or imposed by the City, Payment Agreement Payments, or payments to the City in lieu of taxes, or capital additions or capital replacements to the Waterworks Utility.

“Parity Bonds” means the Bonds and any Future Parity Bonds.

“Payment Agreement” means, to the extent permitted from time to time by applicable law, a written agreement entered into by the City (i) in connection with or incidental to the issuance, incurring or carrying of any Parity Bonds; (ii) for the purpose of managing or reducing the City’s exposure to fluctuations or levels of interest rates, currencies or commodities or for other interest rate, investment, asset or liability management purposes; (iii) with a Qualified Counterparty; and (iv) which provides, on either a current or forward basis, for an exchange of payments determined in accordance with a formula specified therein.

“Payment Agreement Payments” means the amounts periodically required to be paid by the City to the Qualified Counterparty pursuant to a Payment Agreement. The term “Payment

Agreement Payments” does not include any termination payment required to be paid with respect to a Payment Agreement.

“Payment Agreement Receipts” means the amounts periodically required to be paid by the Qualified Counterparty to the City pursuant to a Payment Agreement.

“Permitted Investments” means any investments or investment agreements permitted for cities under the laws of the State of Washington as amended from time to time.

“Professional Utility Consultant” means the independent person(s) or firm(s) selected by the City having a favorable reputation for skill and experience with water and wastewater systems of comparable size and character to the Waterworks Utility in such areas as are relevant to the purposes for which they are retained.

“Purchaser” means _____.

“Qualified Counterparty” means with respect to a Payment Agreement an entity (i) whose senior long term debt obligations, other senior unsecured long term obligations or claims paying ability or whose payment obligations under a Payment Agreement are guaranteed by an entity whose senior long term debt obligations, other senior unsecured long term obligations or claims paying ability are rated (at the time the Payment Agreement is entered into) at least as high as A3 by Moody’s and A- by S&P, or the equivalent thereof by any successor thereto, and (ii) who is otherwise qualified to act as the other party to a Payment Agreement under any applicable laws of the State.

“Qualified Insurance” means any unconditional municipal bond insurance policy or surety bond issued by any insurance company licensed to conduct an insurance business in any state of the United States or by a service corporation acting on behalf of one or more such insurance companies, which insurance company or service corporation, as of the time of issuance of such

policy or surety bond, is currently rated in one of the two highest rating categories by Moody's Investors Service and Standard & Poor's Ratings Services, a Division of the McGraw-Hill Companies, or their comparably recognized business successors.

"Qualified Letter of Credit" means any irrevocable letter of credit issued by a financial institution for the account of the City on behalf of the owners of any Parity Bonds, which institution maintains an office, agency or branch in the United States and as of the time of issuance of such letter of credit, is currently rated in one of the two highest rating categories by Moody's Investors Service or Standard & Poor's Ratings Services, a Division of the McGraw-Hill Companies, Inc., or their comparably recognized business successors.

"Rate Stabilization Account" means the account of that name authorized to be created within the Revenue Fund pursuant to Section 6 of this ordinance.

"Refunded Bonds" means the 1991 Bonds and the 1994 Bonds.

"Refunding Account" means the City of Bellevue Waterworks Utility Revenue Bond Refunding Account established by Section 20 hereof.

"Registered Owner" means the registered owner of any Parity Bonds.

"Reserve Account" means the account of that name authorized to be created in the Bond Fund pursuant to Section 9 hereof to secure the payment of principal of and interest on the Bonds.

"Reserve Account Requirement" means with respect to the Bonds, at the time of calculation, the lesser of (a) 125% of Average Annual Debt Service with respect to the Bonds or (b) maximum Annual Debt Service with respect to the Bonds; provided, however, that the Reserve Account Requirement for the Bonds shall not exceed 10% of the initial principal amount

of the Bonds. The Reserve Account Requirement, if any, with respect to Future Parity Bonds will be specified in the ordinance authorizing the issuance of such Parity Bonds.

“Revenue Fund” means that special fund created by Ordinance No. 2169, as amended by Ordinance No. 2181, in the office of the Finance Director known as the “Waterworks Utility Revenue Fund,” into which the City has pledged to pay all of the Gross Revenue of the Waterworks Utility as collected.

“Rule” means the Commission’s Rule 15c2-12 under the Securities and Exchange Act of 1934, as the same may be amended from time to time.

“Serial Bonds” means Parity Bonds other than Term Bonds.

“SID” means a state information depository for the State of Washington (if one is created).

“Sinking Fund Requirement” means, for any fiscal year or calendar year, the principal amount of Term Bonds required to be purchased, redeemed or paid at maturity in such year as established by the ordinance of the City authorizing the issuance of such Term Bonds.

“Term Bonds” means the Bonds identified as such, if any, and any Future Parity Bonds identified as Term Bonds in the ordinance authorizing the issuance thereof, the payment of the principal of which is provided for by a mandatory schedule of deposits of money equal (in the aggregate) to the full principal amount of such Term Bonds, into the Bond Fund, and by a mandatory redemption schedule corresponding (as to time and amounts) to such mandatory schedule of deposits.

“Variable Rate” means a variable interest rate or rates to be borne by a series of Parity Bonds or any one or more maturities within a series of Parity Bonds. The method of computing such variable interest rate shall be specified in the ordinance authorizing such Parity Bonds;

provided, that such variable interest rate shall be subject to a maximum interest rate set forth in such ordinance.

“Variable Rate Bonds” means Parity Bonds that bear interest at a Variable Rate; provided, that Parity Bonds the interest rate on which shall have been fixed for the remainder of their term to maturity shall no longer be Variable Rate Bonds.

“Waterworks Utility” means the combined water distribution and sanitary sewerage system of the City, as combined by Ordinance No. 2169, as amended by Ordinance No. 2181, and the storm and surface water system of the City combined therewith by Ordinance No. 2845, as the same may be added to, improved and extended for as long as any of the Parity Bonds are outstanding. The Waterworks Utility shall not include any water supply or service or other facilities that may be created, acquired or constructed by the City as a separate utility system as provided in Section 24 of this ordinance.

Section 2. Authorization of the Bonds. The City shall now issue and sell \$_____ principal amount of Waterworks Utility revenue bonds to refund the 1991 Bonds and the 1994 Bonds. The Bonds shall be designated as the “City of Bellevue, Washington, Waterworks Utility Revenue Refunding Bonds, 2004,” shall be dated August 1, 2004; shall be fully registered as to both principal and interest, shall be in the denomination of \$5,000 each or any integral multiple thereof, provided that no Bond shall represent more than one maturity, and shall be numbered separately in such manner and with any additional designation as the Bond Registrar deems necessary for identification.

The Bonds shall bear interest (computed on the basis of a 360-day year of twelve 30-day months) from their date or from the most recent interest payment date to which interest has been paid or duly provided for, whichever is later, payable on October 1, 2004, and semiannually

thereafter on each succeeding April 1 and October 1, to the maturity [or earlier mandatory sinking fund redemption] of the Bonds, at the rates, and shall mature on October in the years and in the amounts set forth below.

<u>Maturity Year</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Maturity Year</u> <u>(October 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
	\$	%		\$	%

Section 3. Registration, Exchange and Payments.

A. Registrar/Bond Register. The City hereby adopts for the Bonds the system of registration specified and approved by the Washington State Finance Committee, which utilizes the fiscal agencies of the State of Washington in Seattle, Washington, and New York, New York, as registrar, authenticating agent, paying agent and transfer agent (collectively, the "Bond Registrar"). The Bond Registrar shall keep, or cause to be kept, at its principal corporate trust office, sufficient books for the registration and transfer of the Bonds, which shall at all times be open to inspection by the City. The Bond Registrar is authorized, on behalf of the City, to authenticate and deliver the Bonds transferred or exchanged in accordance with the provisions of

such Bonds and this ordinance and to carry out all of the Bond Registrar's powers and duties under this ordinance.

The Bond Registrar shall be responsible for its representations contained in the Certificate of Authentication on the Bonds. The Bond Registrar may become the Registered Owner of Bonds with the same rights it would have if it were not the Bond Registrar, and to the extent permitted by law may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Registered Owners.

B. Registered Ownership. The City and the Bond Registrar may treat the Registered Owner of each Bond as the absolute owner thereof for all purposes, and neither the City nor the Bond Registrar shall be affected by any notice to the contrary. Payment of any such Bond shall be made only as described in Section 3.G hereof, but such registration may be transferred as herein provided. All such payments made as described in Section 3.G shall be valid and shall satisfy and discharge the liability of the City upon such Bond to the extent of the amount or amounts so paid. The City and the Bond Registrar shall be entitled to treat the person in whose name any Bond is registered as the absolute owner thereof for all purposes of this ordinance and any applicable laws, notwithstanding any notice to the contrary received by the Bond Registrar or the City.

C. DTC Acceptance/Letter of Representations. The Bonds initially issued shall be held in fully immobilized form by DTC acting as depository. To induce DTC to accept the Bonds as eligible for deposit at DTC, the City has heretofore executed and delivered to DTC a Blanket Issuer Letter of Representations.

Neither the City nor the Bond Registrar will have any responsibility or obligation to DTC participants or the persons for whom they act as nominees with respect to the Bonds in respect of

the accuracy of any records maintained by DTC or any DTC participant, the payment by DTC or any DTC participant of any amount in respect of the principal of or interest on the Bonds, any notice which is permitted or required to be given to Registered Owners under this ordinance (except such notices as shall be required to be given by the City to the Bond Registrar or to DTC), or any consent given or other action taken by DTC as the Registered Owner. For so long as any Bonds are held in fully immobilized form hereunder, DTC or its successor depository shall be deemed to be the Registered Owner for all purposes hereunder, and all references herein to the Registered Owners shall mean DTC or its nominee and shall not mean the owners of any beneficial interest in the Bonds.

D. Use of Depository.

(1) The Bonds shall be registered initially in the name of "Cede & Co.," as nominee of DTC, with one Bond maturing on each of the maturity dates for the Bonds in a denomination corresponding to the total principal therein designated to mature on such date. Registered ownership of such immobilized Bonds, or any portions thereof, may not thereafter be transferred except (i) to any successor of DTC or its nominee, provided that any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (ii) to any substitute depository appointed by the Finance Director pursuant to subsection (2) below or such substitute depository's successor; or (iii) to any person as provided in subsection (4) below.

(2) Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or a determination by the Finance Director to discontinue the system of book-entry transfers through DTC or its successor (or any substitute depository or its successor), the Finance Director may hereafter appoint a substitute depository.

Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

(3) In the case of any transfer pursuant to clause (i) or (ii) of subsection (1) above, the Bond Registrar shall, upon receipt of all outstanding Bonds, together with a written request on behalf of the Finance Director, issue a single new Bond for each maturity of such Bonds then outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of the Finance Director.

(4) In the event that (i) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (ii) the Finance Director determines that it is in the best interest of the beneficial owners of any of the Bonds that they be able to obtain such Bonds in the form of bond certificates, the ownership of Bonds may then be transferred to any person or entity as herein provided, and the Bonds shall no longer be held in fully immobilized form. The Finance Director shall deliver a written request to the Bond Registrar, together with a supply of definitive Bonds, to issue Bonds as herein provided in any authorized denomination. Upon receipt of all then outstanding Bonds by the Bond Registrar together with a written request on behalf of the Finance Director to the Bond Registrar, new Bonds shall be issued in such denominations and registered in the names of such persons as are requested in such written request.

E. Transfer or Exchange of Registered Ownership; Change in Denominations. The registered ownership of any Bond may be transferred or exchanged, but no transfer of any Bond shall be valid unless it is surrendered to the Bond Registrar with the assignment form appearing on such Bond duly executed by the Registered Owner or such Registered Owner's duly authorized agent in a manner satisfactory to the Bond Registrar. Upon such surrender, the Bond Registrar

shall cancel the surrendered Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee therefor, a new Bond (or Bonds at the option of the new Registered Owner) of the same date, maturity and interest rate and for the same aggregate principal amount in any authorized denomination, naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Bond, in exchange for such surrendered and cancelled Bond. Any Bond may be surrendered to the Bond Registrar and exchanged, without charge, for an equal aggregate principal amount of Bonds of the same date, maturity and interest rate, in any authorized denomination. The Bond Registrar shall not be obligated to transfer or exchange any Bond during a period beginning at the opening of business on the 15th day of the month next preceding any interest payment date and ending at the close of business on such interest payment date, or, in the case of any proposed redemption of the Bonds, after the mailing of notice of the call of such Bonds for redemption.

F. Registration Covenant. The City covenants that, until all Bonds have been surrendered and canceled, it will maintain a system for recording the ownership of each Bond that complies with the provisions of Section 149 of the Code.

G. Place and Medium of Payment. Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America. For so long as all Bonds are in fully immobilized form, payments of principal and interest thereon shall be made as provided in accordance with the operational arrangements of DTC referred to in the Letter of Representations. In the event that the Bonds are no longer in fully immobilized form, interest on the Bonds shall be paid by check or draft mailed or other transfer of funds to the Registered Owners at the addresses for such Registered Owners appearing on the Bond Register on the 15th day of the month preceding the interest payment date, and principal of the Bonds shall be payable

upon presentation and surrender of such Bonds by the Registered Owners at the principal office of the Bond Registrar.

Section 4. Redemption.

A. No Optional Redemption. The Bonds are not subject to optional redemption prior to their maturities.

[B. Mandatory Sinking Fund Redemption. The Bonds maturing on October 1, 20____ and October 1, 20____ are Term Bonds and shall be redeemed prior to maturity by lot (or paid at maturity), not later than October 1 in the years and in the principal amounts set forth below, without premium, together with the interest accrued to the date fixed for redemption.

Bonds Maturing on October 1, 20____

<u>Year</u>	<u>Amount</u>
	\$

* Final Maturity

Bonds Maturing on October 1, 20____

<u>Year</u>	<u>Amount</u>
	\$

* Final Maturity]

C. Partial Redemption. If less than all of the Bonds subject to mandatory redemption are called for redemption, then the City shall choose the maturities to be redeemed. If less than a whole of a maturity is called for redemption, the Bonds to be redeemed shall be chosen randomly in integral multiples of \$5,000 by the Bond Registrar or, so long as the Bonds are registered in the name of CEDE & Co. or its registered assign, by DTC. To the extent the City

purchases for cancellation any Term Bonds, the City may reduce the mandatory sinking fund requirements of such Term Bonds of the same maturity, in like aggregate principal amount for the year or years specified by the City. If less than all of the principal amount of any Bond is redeemed, upon surrender of such Bond at the principal office of the Bond Registrar, there shall be issued to the Registered Owner, without charge, for the then unredeemed balance of the principal amount, a new Bond or Bonds, at the option of the registered owner, of like maturity and interest rate in any authorized denomination.

D. Notice of Redemption. Written notice of any redemption of Bonds shall be given by the Bond Registrar on behalf of the City by first class mail, postage prepaid, not less than 30 days nor more than 60 days before the redemption date to the Registered Owners of Bonds that are to be redeemed at their last addresses shown on the Bond Register. So long as the Bonds are in book-entry form, notice of redemption shall be given as provided in the Letter of Representations. The Bond Registrar shall provide additional notice of redemption (at least 30 days) to each NRMSIR and SID, if any, in accordance with Section 23.

The requirements of this section shall be deemed complied with when notice is mailed, whether or not it is actually received by the owner.

Each notice of redemption shall contain the following information: (1) the redemption date, (2) the redemption price, (3) if less than all outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the principal amounts) of the Bonds to be redeemed, (4) that on the redemption date the redemption price will become due and payable upon each Bond or portion called for redemption, and that interest shall cease to accrue from the redemption date, (5) that the Bonds are to be surrendered for payment at the principal office of the Bond Registrar, (6) the CUSIP numbers of all Bonds being redeemed, (7) the dated date of

the Bonds, (8) the rate of interest for each Bond being redeemed, (9) the date of the notice, and (10) any other information needed to identify the Bonds being redeemed.

Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

E. Effect of Redemption. Unless the City has revoked a notice of redemption, the City shall transfer to the Bond Registrar amounts that, in addition to other money, if any, held by the Bond Registrar, will be sufficient to redeem, on the redemption date, all the Bonds to be redeemed. From the redemption date interest on each Bond to be redeemed shall cease to accrue.

F. Amendment of Notice Provisions. The foregoing notice provisions of this section, including but not limited to the information to be included in redemption notices and the persons designated to receive notices, may be amended by additions, deletions and changes in order to maintain compliance with duly promulgated regulations and recommendations regarding notices of redemption of municipal securities.

G. Purchase on Open Market. The City reserves the right to purchase any of the Bonds in the open market at any time and at any price.

Section 5. Revenue Fund. There has heretofore been created by Ordinance No. 2169, as amended by Ordinance No. 2181, a special fund of the City known as the "Waterworks Utility Revenue Fund" (the "Revenue Fund") into which the City has pledged pursuant to Section 7(C) hereof to pay all of the Gross Revenues of the Waterworks Utility as collected and into which the City pledges to continue to pay all of the Gross Revenue of the Waterworks Utility.

The Gross Revenue deposited in the Revenue Fund shall be used only for the following purposes and in the following order of priority:

FIRST, to pay the Operation and Maintenance Expenses and to maintain a balance in the Revenue Fund sufficient in amount to enable the City to continuously meet Operation and Maintenance Expenses on a current basis;

SECOND, to make all payments required to be made into the Bond Fund to pay interest on any Parity Bonds;

THIRD, to make all payments required to be made into the Bond Fund to pay the maturing principal of any Serial Bonds, to make all payments required to be made into the Bond Fund to satisfy the Sinking Fund Requirement and to make any Payment Agreement Payments with respect to any Payment Agreements;

FOURTH, to make all payments required to be made pursuant to a reimbursement agreement or agreements (or other equivalent documents) in connection with Qualified Insurance or a Qualified Letter of Credit; provided that if there is not sufficient money to make all payments under all reimbursement agreements the payments will be made on a pro rata basis;

FIFTH, to make all payments required to be made into the Reserve Account to secure the payment of the principal of and interest on outstanding Bonds and to make all payments required to be made into any Reserve Account to secure payment of the principal of and interest on Future Parity Bonds;

SIXTH, to make all payments required to be made into any revenue bond redemption fund, revenue warrant redemption fund, debt service account, reserve account or bond retirement account created to pay and secure the payment of the principal of and interest on any revenue bonds, or revenue warrants or other revenue obligations of the City having a lien upon Gross Revenue junior and inferior to the lien thereon for the payment of the principal of and interest on the Parity Bonds; and

SEVENTH, to retire by redemption or purchase in the open market any outstanding Waterworks Utility revenue bonds, Waterworks Utility revenue warrants or other Waterworks Utility revenue obligations of the City, to make necessary additions, betterments, improvements and repairs to or extensions and replacements of the Waterworks Utility, to make deposits into the Rate Stabilization Account, or for any other lawful City purposes.

Section 6. Rate Stabilization Account. A special account of the City to be designated the "Water and Sewer Rate Stabilization Account" (the "Rate Stabilization Account") is hereby authorized to be created within the Revenue Fund, at the discretion of the [Utility Director], to cope with future increases in revenue requirements of the Waterworks Utility. In accordance with the provisions of Section 5 of this ordinance, the City may from time to time appropriate or budget amounts in the Revenue Fund for deposit in the Rate Stabilization Account and may from time to time withdraw amounts therefrom to prevent or mitigate water and sewer rate increases or for other lawful purposes of the City related to the Waterworks Utility. Amounts withdrawn from the Rate Stabilization Account shall increase Gross Revenue for the period for which they are withdrawn, and amounts deposited in the Rate Stabilization Account shall reduce Gross Revenue for the period for which they are deposited. Credits to or from the Rate Stabilization Account that occur within 90 days after the end of a fiscal year may be treated as occurring within such fiscal year. Earnings on the Rate Stabilization Account shall be credited to the Revenue Fund.

Section 7. Bond Fund. There has heretofore created by Ordinance No. 2328 a fund of the City to be hereafter known as the "Waterworks Utility Revenue Bond Redemption Fund" (the "Bond Fund"), which fund shall be drawn upon for the sole purpose of paying the principal of, premium if any, and interest on the Bonds and any Future Parity Bonds. The money in the Bond Fund shall be kept separate and apart from all other funds and accounts of the City.

A. Debt Service Account. A special account known as the Debt Service Account is hereby authorized to be created in the Bond Fund for the purpose of paying the principal of, premium, if any, and interest on the Parity Bonds.

As long as any of the Bonds remain outstanding, the City hereby irrevocably obligates and binds itself to set aside and pay from the Revenue Fund into the Debt Service Account, on or before the date due, those amounts necessary, together with Gross Revenue collected and deposited and such other money as is on hand and available therefor in the Debt Service Account, to pay the interest or principal and interest next coming due on the outstanding Bonds.

The City covenants and agrees that in the event it issues any Future Parity Bonds that are Term Bonds, it will provide in each ordinance authorizing the issuance of the same for annual payments to be made from the Revenue Fund into the Debt Service Account sufficient together with Gross Revenue collected and deposited and such other money as is on hand and available therefor in such account to satisfy the Sinking Fund Requirement with respect to such Term Bonds.

B. Reserve Account. A Reserve Account is hereby created in the Bond Fund for the purpose of securing the payment of the principal of and interest on the Bonds. The City hereby covenants and agrees that it will transfer into the Reserve Account [from amounts within the City's Water and Sewer Revenue Bond Fund, 1991 and Water and Sewer Refunding Revenue Bond Fund, 1994 or other available funds,] a sum equal to the Reserve Account Requirement for the Bonds or will satisfy such requirement by obtaining Qualified Insurance or a Qualified Letter of Credit.

An ordinance authorizing Future Parity Bonds shall establish a separate Reserve Account for such series of Parity Bonds, and shall require that the Reserve Account Requirement, if any, for such Future Parity Bonds shall be deposited therein.

The Reserve Account Requirement for the Bonds shall be maintained by such additional payments to the Reserve Account as are hereinafter described until such time as all of the Bonds and the interest thereon are retired and paid. The City may substitute Qualified Insurance or a Qualified Letter of Credit for amounts required to be deposited into the Reserve Account. Such Qualified Letter of Credit or Qualified Insurance shall not be cancellable on less than five years' notice. In the event of any cancellation, the Reserve Account shall be funded in accordance with the provisions of this section providing for payment in the event of a deficiency therein, as if the Bonds that remain outstanding had been issued on the date of such notice of cancellation. The City further covenants and agrees that when the required deposits have been made into the Reserve Account, it will at all times maintain therein an amount at least equal to the Reserve Account Requirement. Whenever there is a sufficient amount in the Bond Fund, including all accounts therein, to pay the principal of, premium, if any, and interest on all outstanding Bonds, the money in the Reserve Account may be used to pay the principal of, premium, if any, and interest on the Bonds. Money in the Reserve Account may also be withdrawn to redeem and retire, and to pay the premium, if any, and interest due to such date of redemption, on the outstanding Bonds, as long as the money remaining on deposit in such Reserve Account is at least equal to the Reserve Account Requirement determined with respect to the Bonds then outstanding.

In the event the Bonds outstanding are ever refunded, the money set aside in the Reserve Account to secure the payment thereof may be used to retire Bonds or may be transferred to any

other reserve account that may be created to secure the payment of any bonds issued to refund the Bonds.

In the event there shall be a deficiency in the Debt Service Account to meet maturing installments of either interest on or principal of and interest on the outstanding Bonds payable out of such Account, such deficiency shall be made up from the Reserve Account by the withdrawal of money therefrom and by the sale or redemption of obligations held in the Reserve Account, if necessary, in such amounts as will provide cash in the Reserve Account sufficient to make up any such deficiency, and if a deficiency still exists immediately prior to an interest payment date and after the withdrawal of cash, the City shall then draw from any Qualified Letter of Credit, Qualified Insurance, or other equivalent credit facility in sufficient amount to make up the deficiency. Such draw shall be made at such times and under such conditions as the agreement for such Qualified Letter of Credit or such Qualified Insurance shall provide. If more than one Qualified Letter of Credit or Qualified Insurance is available, draws shall be made ratably thereon to make up the deficiency. Any deficiency created in the Reserve Account by reason of any such withdrawal shall then be made up from money in the Revenue Fund first available after making the payments required to be made under paragraphs "FIRST" through "FOURTH" of Section 5 of this ordinance.

C. Lien of Bond Fund. The Bonds, together with the interest thereon, shall be payable from Assessments, if any, and Gross Revenue, and such Gross Revenue is hereby pledged and set aside out of the Revenue Fund into the Bond Fund. Said amounts so pledged are hereby declared to be a lien and charge upon Assessments, if any, and Gross Revenue equal to the lien and charge thereon to secure and pay the principal of and interest on any Future Parity Bonds and

superior to all other charges of any kind or nature, except the Operation and Maintenance Expenses.

D. Investment of Money in Bond Fund. All money in the Debt Service Account or Reserve Account may be kept in cash or invested in Permitted Investments maturing not later than the last maturity of the Bonds outstanding at the time of such purchase. Interest earned on or profits made from the sale of such investments shall be deposited in and become a part of the Bond Fund or the Revenue Fund.

Section 8. Adequacy of Revenue. The Council hereby declares that in fixing the amounts to be paid into the Bond Fund it has considered and has due regard for the Operation and Maintenance Expenses and has not obligated the City to set aside and pay into the Bond Fund more money from the Revenue Fund than in its judgment will be available over and above such Operation and Maintenance Expenses.

Section 9. General Covenants. The City hereby covenants with the owner of each of the Bonds for as long as any of the same remain outstanding as follows:

A. Rates and Charges. The City covenants that it will establish, maintain and collect lawful rates and charges for the use of the services and facilities of the Waterworks Utility, and shall adjust such rates and charges from time to time so that:

(1) Gross Revenue will at all times be sufficient (a) to pay all Operation and Maintenance Expenses and to pay all taxes, assessments or other governmental charges lawfully imposed on the Waterworks Utility or the revenue therefrom or payments in lieu thereof and any and all other amounts that the City may now be and hereafter become obligated to pay from Gross Revenue by law or contract, and, (b) together with Assessments actually collected, to pay the principal of and interest on all outstanding Parity Bonds as and when the same become due and

payable, to make all payments required to be made into the Bond Fund to satisfy the Sinking Fund Requirement, and to make when due all payments required to be made into the Reserve Account and any reserve account established for Future Parity Bonds; and

(2) the Net Revenue in each calendar year will equal at least 1.25 times Annual Debt Service for such year (after deducting from Annual Debt Service those Assessments actually collected for such year). For the purpose of meeting the requirement of this paragraph there may be added to Net Revenue for any calendar year any amount withdrawn from the Rate Stabilization Account and credited to Gross Revenue as provided in Section 6 of this ordinance. There shall be subtracted from Net Revenue for any calendar year any amounts in such year withdrawn from the Revenue Fund and deposited into the Rate Stabilization Account in such calendar year.

B. Maintenance of Waterworks Utility. The City covenants that it will at all times keep and maintain the Waterworks Utility in good repair, working order and condition, and will at all times operate the same and the business in connection therewith in an efficient manner and at a reasonable cost.

C. Sale or Disposition of the Waterworks Utility. The City will not sell, mortgage, lease or otherwise dispose of or encumber all or any portion of the Waterworks Utility, except as follows:

(1) The City may sell, mortgage, lease or otherwise dispose of all or substantially all of the Waterworks Utility if, simultaneously with such sale, mortgage, lease or other disposition or encumbrance, provision is made for the payment into the Bond Fund of cash or Government Obligations sufficient together with interest to be earned thereon to pay the principal of and interest on all then outstanding Parity Bonds.

(2) Except as provided in subsection (3) below, the City will not sell, mortgage, lease or otherwise dispose of or encumber any part of the useful operating properties of the Waterworks Utility in excess of 5% of the value of the net utility plant of the Waterworks Utility unless prior to such sale, mortgage, lease or other disposition or encumbrance:

(i) there shall have been filed with the Finance Director a certificate of a Professional Utility Consultant stating that such sale, mortgage, lease or other disposition or encumbrance will not impair the ability of the City to comply with the rate covenants set forth in Section 9.A of this ordinance; or

(ii) provision is made for the payment, redemption or other retirement of a principal amount of outstanding Parity Bonds equal to the greater of the following amounts: (X) an amount that will be in the same proportion to the net principal amount of Parity Bonds then outstanding (defined as the total principal amount of the Parity Bonds less the amount of cash and investments in the Bond Fund and accounts therein) that the Net Revenue from the portion of the Waterworks Utility sold or disposed of for the twelve preceding months bears to the total Net Revenue for such period; or (Y) an amount that will be in the same proportion to the net principal amount of Parity Bonds then outstanding that the book value of the part of the Waterworks Utility sold or disposed of bears to the book value of the entire Waterworks Utility immediately prior to such sale or disposition.

(3) The City may sell or otherwise dispose of any of the works, plant, properties and facilities of the Waterworks Utility or any real or personal property comprising a part of the same with a value less than 5% of the net utility plant of the Waterworks Utility or which shall have become unserviceable, inadequate, obsolete or unfit to be used in the operation

of the Waterworks Utility, or no longer necessary, material to or useful in such operation, without making any deposit into the Bond Fund.

D. Collection of Assessments; Subordinate Obligations. The City shall promptly collect all Assessments levied in any utility local improvement district now or hereafter created to secure the payment of the principal of and interest on any Parity Bonds and shall pay the same into the Bond Fund without allocation of such Assessments to any particular series of Parity Bonds. It is hereby provided further, however, that nothing in this ordinance or in this subsection shall be construed to prohibit the City from issuing revenue bonds having a lien on Gross Revenue junior to the lien on such revenue for the payment of the principal of and interest on Parity Bonds and pledging as security for the payments of such junior lien bonds assessments levied in any utility local improvement district that may have been created to pay part or all the cost of improvements to the Waterworks Utility for which such junior lien revenue bonds were specifically issued.

E. Books and Accounts. The City covenants that it will maintain complete books and records relating to the operation of the Waterworks Utility and its financial affairs, and will cause such books and records to be audited annually, and cause to be prepared an annual financial and operating statement, said statement to be mailed to any owner of Parity Bonds upon request.

F. Insurance. The City covenants that it will carry fire and extended coverage insurance on the Waterworks Utility as is ordinarily carried on the property of similar public utilities by other municipal corporations engaged in the operation of the same if such insurance can be obtained at a reasonable cost, to the full insurable value thereof, and will also carry adequate public liability insurance and other kinds of insurance as under good practices are ordinarily carried on the properties of similar public utilities by private companies engaged in the

operation of the same; provided, however, that the City may if deemed necessary and advisable by the Council, institute or continue a self-insurance program with respect to any or all of the aforementioned risks. The premiums paid for all such insurance shall be regarded and paid as an Operation and Maintenance Expense.

G. Delinquencies. The City covenants that it will promptly collect all service charges and Assessments, determine in a timely manner all delinquencies, and take all necessary legal action to enforce collection of such delinquencies.

H. No Free Service. Except as permitted by law, the City will not furnish any service of the Waterworks Utility to any customer free of charge.

Section 10. Tax Covenants; Special Designation. The City covenants to undertake all actions required to maintain the tax-exempt status of interest on the Bonds under Section 103 of the Code as set forth in the Arbitrage Certificate that will be executed upon the issuance of the Bonds.

Section 11. Payment Agreements.

A. General. To the extent and for the purposes permitted from time to time by Chapter 39.96 RCW and other applicable provisions of State law, the City may enter into Payment Agreements with respect to any Parity Bonds, subject to the conditions set forth in this section and in other provisions of this ordinance.

B. Manner and Schedule of Payments. Each Payment Agreement shall set forth the manner in which the Payment Agreement Payments and the Payment Agreement Receipts shall be calculated and a schedule of payment dates.

C. Authorizing Ordinance. Prior to entering into a Payment Agreement, the Council shall pass an ordinance authorizing such agreement and setting forth such provisions as the

Council deems necessary or desirable and are not inconsistent with the provisions of this ordinance.

D. Calculation of Payment Agreement Payments and Debt Service on Junior Lien Obligations with Respect to which a Payment Agreement is in Force. It is the intent of the City, for purposes of the rate coverage requirement set forth in Section 9.A(2) of this ordinance and the Future Parity Bonds test set forth in Section 12.A(5) of this ordinance, that debt service on Parity Bonds with respect to which a Payment Agreement is in force shall be calculated to reflect the net economic effect on the City intended to be produced by the terms of the Parity Bonds and the terms of the Payment Agreement. In calculating such amounts, the City shall be guided by the following requirements:

(1) The amount of interest deemed to be payable on any Parity Bonds with respect to which a Payment Agreement is in force shall be an amount equal to the amount of interest that would be payable at the rate or rates stated in those Parity Bonds plus Payment Agreement Payments minus Payment Agreement Receipts.

(2) For any period during which Payment Agreement Payments are not taken into account in calculating interest on any outstanding Parity Bonds because the Payment Agreement is not then related to any outstanding Parity Bonds, Payment Agreement Payments on that Parity Payment Agreement shall be calculated based upon the following assumptions:

(i) City Obligated to Make Payments Based on Fixed Rate. If the City is obligated to make Payment Agreement Payments based on a fixed rate and the Qualified Counterparty is obligated to make payments based on a variable rate index, payments by the City will be based on the assumed fixed payor rate, and payments by the Qualified Counterparty will be based on a rate equal to the average rate determined by the variable rate index specified by the

Payment Agreement during the fiscal quarter preceding the quarter in which the calculation is made; and

(ii) City Obligated to Make Payments Based on Variable Rate Index. If the City is obligated to make Payment Agreement Payments based on a variable rate index and the Qualified Counterparty is obligated to make payments based on a fixed rate, payments by the City will be based on a rate equal to the average rate determined by the variable rate index specified by the Payment Agreement during the fiscal quarter preceding the quarter in which the calculation is made, and the Qualified Counterparty will make payments based on the fixed rate specified by the Payment Agreement.

Section 12. Future Parity Bonds. The City hereby further covenants and agrees with the owners of the Bonds for as long as any of the same remain outstanding as follows:

A. That it will not issue any bonds with a lien on Net Revenue superior to the lien on such revenues of the Bonds. The City may issue Future Parity Bonds for:

FIRST, the purpose of acquiring, constructing and installing additions and improvements to and extensions of, acquiring necessary equipment for, or making necessary replacements or repairs and capital improvements to the Waterworks Utility, or for any other lawful purpose; or

SECOND, the purpose of refunding or purchasing and retiring at or prior to their maturity any outstanding revenue bonds or other obligations payable out of Gross Revenue; and to pledge that payments be made into the Bond Fund for the payment of the principal thereof and interest thereon out of the Revenue Fund sufficient to pay the principal of and interest on such Future Parity Bonds and to maintain the reserves required therefor, which such payments may rank equally with the payments out of such Revenue Fund into the Bond Fund and the Reserve

Account to pay and secure the payment of the principal of and interest on any Parity Bonds then outstanding, upon compliance with the following conditions:

(1) That at the time of the issuance of such Future Parity Bonds there is no deficiency in the Bond Fund.

(2) If there are Assessments levied in any utility local improvement district in which additions and improvements to and extensions of the Waterworks Utility will be constructed from the proceeds of such Future Parity Bonds, the ordinance authorizing such Future Parity Bonds shall require that such Assessments be paid into the Bond Fund.

(3) If there are assessments pledged to be paid into a warrant or bond redemption fund for revenue bonds or warrants being refunded by Future Parity Bonds, the ordinance authorizing such Future Parity Bonds shall require such assessments to be used for the refunding or paid into the Bond Fund.

(4) The principal of and interest on the Future Parity Bonds shall be payable out of the Bond Fund, and the ordinance authorizing their issuance shall further provide for payments into the Bond Fund to satisfy the Sinking Fund Requirement and payments into a reserve account to satisfy the Reserve Account Requirement, all as required by Section 7 of this ordinance.

(5) Prior to the delivery of any Future Parity Bonds, the City shall have on file in the office of the Finance Director either

(i) a certificate of the Finance Director showing that the Net Revenue determined as hereafter provided for each calendar or fiscal year after the issuance of such Future Parity Bonds will equal at least 1.25 times the Annual Debt Service (after deducting from Annual Debt Service Assessments, allocated to the years in which they would be received if

the unpaid balance of each Assessment roll were paid in the remaining number of installments with interest on the declining balance at the times and at the rate provided in the ordinance confirming the Assessment roll) for each such calendar or fiscal year for all Parity Bonds plus the Future Parity Bonds proposed to be issued. For purposes this certificate, "Net Revenue" shall be the Net Revenue for a period of any 12 consecutive months (which may include amounts withdrawn from the Rate Stabilization Account, as provided in Section 6 of this ordinance) out of the 24 months immediately preceding the date of delivery of such proposed Future Parity Bonds.

(ii) a certificate of a Professional Utility Consultant showing that the Net Revenue determined and adjusted as hereafter provided for each calendar or fiscal year after the issuance of such Future Parity Bonds (the "Adjusted Net Revenue") will equal at least 1.25 times the Annual Debt Service (after deducting from Annual Debt Service Assessments, allocated to the years in which they would be received if the unpaid balance of each Assessment roll were paid in the remaining number of installments with interest on the declining balance at the times and at the rate provided in the ordinance confirming the Assessment roll) for each such calendar or fiscal year for all Parity Bonds plus the Future Parity Bonds proposed to be issued.

The Adjusted Net Revenue shall be the Net Revenue for a period of any 12 consecutive months (which may include amounts withdrawn from the Rate Stabilization Account, as provided in Section 6 of this ordinance) out of the 24 months immediately preceding the date of delivery of such proposed Future Parity Bonds as adjusted by such Professional Utility Consultant to take into consideration changes in Net Revenue estimated to occur under the following conditions for each year after such delivery for so long as any Parity Bonds, including the Future Parity Bonds proposed to be issued, shall be outstanding:

(i) the additional Net Revenue that would have been received if any change in rates and charges adopted prior to the date of such certificate and subsequent to the beginning of such 12-month period, had been in force during the full 12-month period;

(ii) the additional Net Revenue that would have been received if any facility of the Waterworks Utility that became fully operational after the beginning of such 12-month period had been so operating for the entire period; and

(iii) the additional Net Revenue estimated by such Professional Utility Consultant to be received as a result of any additions, betterments and improvements to and extensions of any facilities of the Waterworks Utility that are (a) under construction at the time of such certificate or (b) will be constructed from the proceeds of the Future Parity Bonds to be issued.

Such Professional Utility Consultant may rely upon, and his or her certificate shall have attached thereto, financial statements of the Waterworks Utility certified by the Finance Director showing income and expenses for the period upon which the same is based.

B. Notwithstanding the foregoing requirement, if Future Parity Bonds are to be issued for the purpose of refunding at or prior to their maturity any part or all of the then outstanding Parity Bonds and the issuance of such refunding Future Parity Bonds will result in a debt service savings and does not require an increase of more than \$5,000 in any fiscal or calendar year for principal of and interest on such refunding Future Parity Bonds over and above the amount required in such year for the principal of and interest on the bonds being refunded thereby, the condition stated in subsection A(5) of this section need not be met.

C. Nothing herein contained shall prevent the City from issuing any revenue bonds, warrants or other obligations that are a charge upon the money in the Revenue Fund junior or

inferior to the payments required by this ordinance to be made into the Bond Fund and the Reserve Account.

Section 13. Bonds Deemed to Be No Longer Outstanding. In the event that the City, to effect the payment, retirement or redemption of any Bond, sets aside in the Bond Fund or in another special account, held in trust by a trustee, cash or noncallable Government Obligations, or any combination of cash and/or noncallable Government Obligations, in amounts and maturities that, together with the known earned income therefrom, are sufficient to redeem or pay and retire such Bond in accordance with its terms and to pay when due the interest and redemption premium, if any, thereon, and such cash and/or noncallable Government Obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made into the Bond Fund for the payment of the principal of and the interest on such Bond. The owner of a Bond so provided for shall cease to be entitled to any lien, benefit or security of this ordinance except the right to receive payment from such special account of the principal of, premium, if any, and interest on such Bond, and such Bond shall be deemed not to be outstanding under this ordinance.

Within 30 days of the defeasance of any Bond, the Bond Registrar or escrow agent shall give notice to each registered owner of any Bond so provided for and to the SID, if any, and to each NRMSIR or the MSRB in accordance with Section 23.

Section 14. Form of the Bonds. The Bonds shall be in substantially the following form:

No. _____

\$ _____

UNITED STATES OF AMERICA
STATE OF WASHINGTON
CITY OF BELLEVUE

WATERWORKS UTILITY REVENUE REFUNDING BOND, 2004

INTEREST RATE:

MATURITY DATE:

CUSIP NO.

REGISTERED OWNER:

PRINCIPAL AMOUNT: _____ DOLLARS

The City of Bellevue, Washington (the "City"), for value received, hereby promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, the Principal Amount indicated above and to pay interest thereon from August 1, 2004, or the most recent date to which interest has been paid or duly provided for until payment of this Bond at the Interest Rate set forth above, payable on October 1, 2004, and semiannually thereafter on the first days of each April and October. The principal of and interest on this Bond are payable solely out of the special fund of the City known as the "Waterworks Utility Revenue Bond Redemption Fund" (the "Bond Fund").

Both principal of and interest on this Bond are payable in lawful money of the United States of America. For so long as the Bonds are held in fully immobilized form, payments of principal and interest shall be made as provided in accordance with the operational arrangements of DTC referred to in the Blanket Issuer Letter of Representations from the City to The Depository Trust Company. In the event that the Bonds are no longer held in fully immobilized form, interest on this Bond shall be paid by check or draft mailed to the Registered Owner at the address appearing on the Bond Register on the 15th day of the month preceding the interest payment date, and principal of this Bond shall be payable upon presentation and surrender of this Bond by the Registered Owner at the principal office of the fiscal agency of the State of Washington in either Seattle, Washington, or New York, New York (collectively the "Bond Registrar").

Principal and interest are payable solely out of the Bond Fund, into which fund the City hereby irrevocably binds itself to pay certain fixed amounts out of the Gross Revenue of the Waterworks Utility, as the same is defined in Ordinance No. _____ of the City (the "Bond Ordinance"), without regard to any fixed proportion, namely, amounts sufficient to pay the principal of and interest on the outstanding Bonds and any additional and/or refunding Waterworks Utility revenue bonds issued on a parity of lien with the Bonds and to accumulate a reserve, all at the times and in the manner set forth in the Bond Ordinance. Reference is made to the Bond Ordinance for definitions of capitalized terms not otherwise defined herein.

This Bond is one of a total issue of \$_____ par value of the Bonds, all of like date and tenor, except as to maturity, redemption provisions and interest rates, all payable from the Bond Fund and all issued by the City under and pursuant to the laws of the State of Washington and the Bond Ordinance for the purpose of providing funds to refund certain outstanding bonds all as specified in the Bond Ordinance.

[The Bonds are subject to mandatory sinking fund redemption as provided in the Bond Ordinance.]

The Gross Revenue is hereby pledged to the payment of principal of and interest on the Bonds, and the Bonds constitute a charge or lien upon such revenues prior and superior to any other charges whatsoever, excluding charges for Operation and Maintenance Expenses of the Waterworks Utility, and equal to the lien and charge thereon of any Future Parity Bonds. The Bonds are not a general obligation of the City.

The City hereby covenants and agrees with the owners of the Bonds to carry out fully all covenants and meet all obligations of the City as set forth herein and in the Bond Ordinance, and reference is hereby made to the Bond Ordinance for a complete statement of such covenants.

This Bond shall not become valid or obligatory for any purpose until the certificate of authentication set forth hereon has been signed by the Bond Registrar.

This Bond is interchangeable for Bonds of any authorized denomination of an equal aggregate principal amount, and of the same interest rate and maturity. This Bond is transferable only upon the registry books of the Bond Registrar by surrender of this certificate to the Bond Registrar, duly assigned and executed as indicated below. Such exchange or transfer shall be without cost to the owner or transferee. The City may deem the person in whose name this Bond is registered to be the absolute owner thereof for the purpose of receiving payment of the principal of and interest on such Bond and for any and all other purposes whatsoever. The Bond Registrar shall not be obligated to transfer or exchange this Bond during the fifteen days preceding any interest payment date or the date on which notice of redemption of such Bond is to be given nor after such notice has been given.

It is hereby certified and declared that the Bonds are issued pursuant to and in strict compliance with the Constitution and laws of the State of Washington and the ordinances of the City and that all acts, conditions and things required to be done precedent to and in the issuance of this Bond have happened, have been done and have been performed as required by law.

IN WITNESS WHEREOF, the City has caused this Bond to be signed by the manual or facsimile signature of its Mayor and attested by the manual or facsimile signature of its City Clerk, and its corporate seal to be impressed or a facsimile thereof imprinted hereon this ____ day of _____, 2004.

[S E A L]

CITY OF BELLEVUE, WASHINGTON

By: _____ /s/ _____
Mayor

ATTEST:

_____/s/_____
City Clerk

CERTIFICATE OF AUTHENTICATION

Date of Authentication:

This is one of the City of Bellevue, Washington, Waterworks Utility Revenue Refunding Bonds, 2004, dated _____, 2004, described in the Bond Ordinance.

WASHINGTON STATE FISCAL AGENCY
Bond Registrar

By: _____
Authorized Officer

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____

Please insert Social Security or Taxpayer identification Number of Transferee

(Please print or type name and address, including zip code of Transferee)
the within bond and does hereby irrevocably constitute and appoint _____,
or its successor, as Bond Registrar to transfer said bond on the books kept for registration thereof
with full power of substitution in the premises.

DATED: _____

SIGNATURE GUARANTEED:

Note: signature(s) must be guaranteed pursuant to law.

NOTE: The signature on this Assignment must correspond with the name of the registered owner as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

Section 15. Execution and Authentication of the Bonds. The Bonds shall be signed on behalf of the City by the manual or facsimile signature of the Mayor and attested by the manual or facsimile signature of the City Clerk and shall have the seal of the City impressed or a facsimile thereof imprinted thereon.

Only such Bonds as shall bear thereon a Certificate of Authentication in the form hereinbefore recited, manually executed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance. Such Certificate of Authentication shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this ordinance.

In case either of the officers who shall have executed the Bonds shall cease to be an officer or officers of the City before the Bonds so signed shall have been authenticated or delivered by the Bond Registrar, or issued by the City, such Bonds may nevertheless be authenticated, delivered and issued and upon such authentication, delivery and issuance, shall be as binding upon the City as though those who signed the same had continued to be such officers of the City. Any Bond may also be signed and attested on behalf of the City by such persons as at the actual date of execution of such Bond shall be the proper officers of the City although at the original date of such Bond any such person shall not have been such officer of the City.

Section 16. Lost or Stolen Bonds. In case any Bonds shall be lost, stolen or destroyed, the Bond Registrar may deliver a new bond or bonds of like amount, date, maturity, interest rate, tenor, and effect to the registered owner or nominee thereof upon the owner paying the expenses and charges of the City in connection therewith and upon filing with the Bond Registrar evidence satisfactory to said Bond Registrar that such bond or bonds were actually lost, stolen or destroyed and or ownership thereof, and upon furnishing the City with indemnity satisfactory to both.

Section 17. Sale of Bonds. The Council finds that the competitive bid submitted by the Purchaser and attached hereto as Exhibit B is reasonable and that it is in the best interest of the City that the Bonds shall be sold upon the conditions set forth in the bid, the Notice of Bond Sale, attached hereto as Exhibit A, and this ordinance. The City therefore accepts the bid. The Bonds shall be issued and delivered to the Purchaser upon payment of the purchase price specified in the bid.

Section 18. Official Statement. The Council approves the preliminary official statement presented to the Council at this meeting and authorizes the distribution of the preliminary official statement in connection with the offering of the Bonds. Pursuant to the Rule, the City deems the preliminary official statement as final as of its date except for the omission of information dependent upon the pricing of the Bonds and the completion of the purchase contract. The City agrees to cooperate with the Purchaser to deliver or cause to be delivered, within seven business days from the date of the sale of the Bonds and in sufficient time to accompany any confirmation that requests payment from any customer of the Purchaser, copies of a final official statement in sufficient quantity to comply with paragraph (b)(4) of the Rule and the rules of the MSRB. The City authorizes the Purchaser to use the official statement, substantially in the form of the preliminary official statement, in connection with the sale of the Bonds. The Finance Director and

other appropriate officers of the City are hereby authorized to review and approve on behalf of the City the final Official Statement relative to the Bonds with such additions and changes as may be deemed necessary or advisable to them.

Section 19. Application of Bond Proceeds. The proceeds of the Bonds shall be applied as follows:

- (1) Any accrued interest shall be deposited into the Bond Fund.
- (2) [Reserve Account].
- (3) The amount required to refund the 1991 Bonds and the 1994 Bonds shall be deposited into the Refunding Account and used to accomplish the refunding of the Refunded Bonds in accordance with the provisions of Section 20 of this ordinance.
- (4) Any additional proceeds shall be used by the City to pay costs of issuing the Bonds.

Section 20. Refunding Account; Application of Bond Proceeds There is hereby established a special account or accounts of the City to be maintained with the Escrow Agent (as hereinafter defined) to be known as the "City of Bellevue Waterworks Utility Revenue Bond Refunding Account," (the "Refunding Account"), which accounts shall be drawn upon for the sole purpose of paying the principal of and interest on the Refunded Bonds.

Money in the Refunding Account shall be used immediately upon receipt thereof to defease the Refunded Bonds and discharge the other obligations of the City relating thereto under Ordinance Nos. 4284 and 4678 of the City, by providing for the payment of the principal of and interest on the Refunded Bonds as set forth below. The City shall defease such bonds and discharge such obligations by the use of the money in the Refunding Account to purchase Government Obligations (which obligations so purchased, are herein called "Acquired

Obligations”), bearing such interest and maturing as to principal and interest in such amounts and at such times which, together with any necessary beginning cash balance, will provide for the payment of interest on and principal of the Refunded Bonds due and payable until and on September 17, 2004.

Such Acquired Obligations shall be purchased at a yield not greater than the yield permitted by the Code and regulations relating to acquired obligations in connection with refunding bond issues.

To carry out the refunding and defeasance of the Refunded Bonds, the Finance Director is hereby authorized to appoint as escrow agent a bank or trust company qualified by law to perform the duties described herein (the “Escrow Agent”). Any beginning cash balance and the Acquired Obligations shall be irrevocably deposited with the Escrow Agent in an amount sufficient to defease the Refunded Bonds. Any amounts described above that are not provided for in full by such beginning cash balance and the purchase and deposit of the Acquired Obligations described in this section shall be provided for by the irrevocable deposit of the necessary amount out of the proceeds of sale of the Bonds or any other money of the City legally available therefor with the Escrow Agent. The proceeds of the Bonds remaining in the Refunding Account after acquisition of the Acquired Obligations and provision for the necessary beginning cash balance shall be utilized to pay expenses of the acquisition and safekeeping of the Acquired Obligations. The City may, from time to time, transfer, or cause to be transferred, from the Refunding Account any money not thereafter required for the purpose set forth above or for the payment of expenses. The City reserves the right to substitute other securities for the Acquired Obligations in the event it may do so pursuant to Section 148 of the Code, upon compliance with the conditions set forth in the Escrow Agreement.

Section 21. Redemption of Refunded Bonds. The City hereby irrevocably sets aside sufficient funds through the purchase of Acquired Obligations and an initial cash deposit to make the payment specified in Section 20 above.

The City hereby irrevocably calls for redemption on September 17, 2004, the 1991 Bonds in accordance with the provisions of Section 4.C of Ordinance No. 4284 and hereby irrevocably calls for redemption on September 17, 2004, the 1994 Bonds in accordance with the provisions of Section 3.B. of Ordinance No. 4678.

Said defeasance and call for redemption of the Refunded Bonds shall be irrevocable after the final establishment of the Refunding Account and delivery of the Acquired Obligations and the requisite cash deposit, if any, to the Escrow Agent, except as provided herein relating to the substitution of securities.

The Escrow Agent is hereby authorized and directed to notify the paying agent for the Refunded Bonds to give notice of the redemption of the Refunded Bonds in accordance with the applicable provisions of Ordinance Nos. 4284 and 4678. The Finance Director is authorized and requested to provide whatever assistance is necessary to accomplish such redemption and the giving of notice therefor.

The Escrow Agent is hereby authorized and directed to pay to the fiscal agency or agencies of the State of Washington, as paying agent for the Refunded Bonds, sums sufficient to pay, when due, the payment specified in Section 20 above. All such sums shall be paid from the money and Acquired Obligations deposited with said Escrow Agent pursuant to Section 20 of this ordinance, and the income therefrom and proceeds thereof. All such sums so paid shall be credited to the Refunding Account. All money and Acquired Obligations deposited with the Escrow Agent and any income therefrom shall be held, invested and applied in accordance with

the provisions of this ordinance and with the laws of the State of Washington for the benefit of the City and the owners of the Refunded Bonds.

The City will take such actions as are found necessary to see that all necessary and proper fees, compensation and expenses of the Escrow Agent shall be paid when due. The proper officers and agents of the City are directed to obtain from the Escrow Agent an agreement setting forth the duties, obligations and responsibilities of the Escrow Agent in connection with the redemption and retirement of the Refunded Bonds as provided herein and making provision for payment of the fees, compensation and expenses of such Escrow Agent as may be satisfactory to it. To carry out the purposes of this section of this ordinance, the City Manager or Mayor is authorized and directed to execute and deliver to the Escrow Agent such an escrow agreement in form approved by bond counsel to the City.

Section 22. Finding of Defeasance. The Council hereby finds and determines that the issuance and sale of the Bonds permits the City to comply with covenants contained in the Ordinance Nos. 4284 and 4678 that authorized issuance of the 1991 Bonds and the 1994 Bonds.

The Council hereby also finds and determines that the Acquired Obligations to be deposited with the Escrow Agent and the income therefrom, together with any necessary beginning cash balance, are sufficient to redeem the Refunded Bonds and will discharge and satisfy the obligations of the City under Ordinance Nos. 4284 and 4678 authorizing the issuance of the Refunded Bonds and the pledge of the City therein. Immediately upon the delivery of such Acquired Obligations to the Escrow Agent and the deposit of any necessary beginning cash balance, the Refunded Bonds shall be deemed not to be outstanding under Ordinance Nos. 4284 and 4678 and shall cease to be entitled to any lien, benefit or security under such ordinance except

the right to receive payment from the Acquired Obligations and beginning cash balance so set aside and pledged.

Section 23. Undertaking to Provide Ongoing Disclosure.

A. Contract/Undertaking. This section constitutes the City's written undertaking for the benefit of the owners and beneficial owners of the Bonds as required by Section (b)(5) of the Rule.

B. Financial Statements/Operating Data. The City agrees to provide or cause to be provided to each NRMSIR and to the SID, if any, in each case as designated by the Commission in accordance with the Rule, the following annual financial information and operating data for the prior fiscal year (commencing in 2005 for the fiscal year ended December 31, 2004):

(1) Annual financial statements showing ending fund equity for the Waterworks Utility prepared in accordance with generally accepted accounting principles applicable to government entities (and modified as may be required by the Washington State Auditor pursuant to RCW 43.09.200 (or any successor statute) and generally of the type included in the official statement for the Bonds under the headings "Waterworks Utility — Statement of Net Assets," "Waterworks Utility — Statement of Revenues, Expenses and Changes in Fund Net Assets" and "Waterworks Utility — Statement of Cash Flows;"

(2) The principal amount of outstanding Parity Bonds; and

(3) Rates for the Waterworks Utility.

Items 2-3 shall be required only to the extent that such information is not included in the information provided pursuant to item 1 above.

Such annual financial information and operating data described above shall be provided on or before nine months after the end of the City's fiscal year. The City's fiscal year currently ends

December 31. The City may adjust such fiscal year by providing written notice of the change of fiscal year to each then existing NRMSIR and the SID, if any. In lieu of providing such annual financial information and operating data, the City may cross-reference to other documents provided to the NRMSIRs and the SID, or filed with the Commission and, if such document is a final official statement within the meaning of the Rule, available from the MSRB.

If not provided as part of the annual financial information discussed above, the City shall provide the City's audited annual financial statement prepared in accordance with generally accepted accounting principles (and modified as may be required by the Washington State Auditor pursuant to RCW 43.09.200 (or any successor statute)), when and if available, to each then existing NRMSIR and the SID, if any.

C. Material Events. The City agrees to provide or cause to be provided, in a timely manner, to the SID, if any, and to each NRMSIR or to the MSRB notice of the occurrence of any of the following events with respect to the Bonds, if material:

- (1) Principal and interest payment delinquencies;
- (2) Nonpayment related defaults;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- (7) Modifications to the rights of Bond owners;

- (8) Optional, contingent or unscheduled calls of any Bonds other than scheduled sinking fund redemptions for which notice is given pursuant to Exchange Act Release 34-23856;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the Bonds;
and
- (11) Rating changes.

Solely for purposes of disclosure, and not intending to modify this undertaking, the City advises that no property secures repayment of the Bonds. The applicable debt service reserve is the Reserve Account.

D. Notification Upon Failure to Provide Financial Data. The City agrees to provide or cause to be provided, in a timely manner, to each NRMSIR or to the MSRB and to the SID, if any, notice of its failure to provide the annual financial information and operating data described in subsection B above on or prior to the date set forth in subsection B above.

E. Termination/Modification. The City's obligations to provide annual financial information and notices of material events shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. This section, or any provision hereof, shall be null and void if the City (1) obtains an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this section, or any such provision, are invalid, have been repealed retroactively or otherwise do not apply to the Bonds; and (2) notifies each then existing NRMSIR and the SID, if any, of such opinion and the cancellation of this section.

Notwithstanding any other provision of this ordinance, the City may amend this Section 23, and any provision of this Section 23 may be waived, with an approving opinion of nationally recognized bond counsel.

In the event of any amendment or waiver of a provision of this Section 23, the City shall describe such amendment in the next annual report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a material event under subsection C of this Section 23, and (ii) the annual report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

F. Bond Owner's Remedies under this Section. Notwithstanding any other provisions of this ordinance, the right of any Bond owner or beneficial owner of the Bonds to enforce the provisions of this Section 23 shall be limited to a right to obtain specific enforcement of the City's obligations hereunder, and any failure by the City to comply with the provisions of this section shall not be an event of default with respect to the Bonds under this ordinance. For purposes of this Section 23, "Beneficial Owner" means any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds, including persons holding Bonds through nominees or depositories.

Section 24. Separate Utility System. The City may create, acquire, construct, finance, own and operate one or more additional systems for water, sewer or storm water supply, transmission, treatment or other commodity or service. The revenue of that separate utility system shall not be included in the Gross Revenue of the Waterworks Utility and may be pledged to the payment of revenue obligations issued to purchase, construct, condemn or otherwise acquire or expand the separate utility system. Neither the Gross Revenue nor the Net Revenue of the Waterworks Utility shall be pledged by the City to the payment of any obligations of a separate utility system except (1) as a Contract Resource Obligation upon compliance with Section 25 hereof and/or (2), with respect to the Net Revenue, on a basis subordinate to the lien of the Parity Bonds on that Net Revenue.

Section 25. Contract Resource Obligations. The City may at any time enter into one or more contracts or other obligations for the acquisition, from facilities to be constructed, of water, sewer or storm water supply, transmission, treatment or other commodity or service relating to the Waterworks Utility. The City may determine that such contract or other obligation is a Contract Resource Obligation, and may provide that all payments under that Contract Resource Obligation (including payments prior to the time that water, sewer or storm water supply, transmission, treatment or other commodity or service is being provided, or during a suspension or after termination of supply or service) shall be Operation and Maintenance Expenses if the following requirements are met at the time such Contract Resource Obligation is entered into:

- (a) The City shall not be in default with respect to any obligations of it under this ordinance.
- (b) There shall be on file a certificate of a Professional Utility Consultant stating that (i) the payments to be made by the City in connection with the Contract

Resource Obligation are reasonable for the supply, transmission, treatment or other service rendered; (ii) the source of any new supply, and any facilities to be constructed to provide the supply, transmission, treatment or other service, are sound from a water, sewer or storm water or other commodity supply or transmission planning standpoint, are technically and economically feasible in accordance with prudent utility practice, and are likely to provide supply or transmission or other service no later than a date set forth in the Professional Utility Consultant's certification; and (iii) the Net Revenue as defined in Section 12 (further adjusted by the Independent Consulting Engineer's estimate of the payments to be made in accordance with the Contract Resource Obligation) for the five fiscal years following the year in which the Contract Resource Obligation is incurred, as such Net Revenue is estimated by the Independent Consulting Engineer (with such estimate based on such factors as he or she considers reasonable), will be at least equal to 1.25 times the Annual Debt Service (after deducting Assessments allocated to the years in which they would be received if the unpaid balance of each Assessment roll were paid in the remaining number of installments with interest on the declining balance at the times and at the rate provided in the ordinance confirming the Assessment roll).

Payments required to be made under Contract Resource Obligations shall not be subject to acceleration.

Nothing in this Section 25 shall be deemed to prevent the City from entering into other agreements for the acquisition of water supply, transmission, treatment or other commodity or service from existing facilities and from treating those payments as Operation and Maintenance Expenses of the Waterworks Utility so long as such service is actually being supplied. Nothing in this Section 25 shall be deemed to prevent the City from entering into other agreements for the

acquisition of water, sewer or storm water supply, transmission, treatment or other commodity or service from facilities to be constructed and from agreeing to make payments with respect thereto, such payments constituting a lien and charge on Net Revenue subordinate to that of Parity Bonds.

Section 26. Authorization to Officials and Agents. The proper City officials are hereby authorized and directed to do everything necessary and proper for the prompt issuance, execution and delivery of the Bonds in conformance with the provisions of this ordinance and for the proper use and application of the proceeds of the sale thereof as provided in this ordinance.

Section 27. Supplements and Amendments.

A. The Council from time to time and at any time may adopt an ordinance or ordinances supplementing or amending this ordinance, which ordinance or ordinances thereafter shall become a part of this ordinance, for any one or more or all of the following purposes:

(1) To add to the covenants and agreements of the City in this ordinance other covenants and agreements thereafter to be observed, which shall not adversely affect the interests of the owners of any Parity Bonds in any material respect, or to surrender any right or power herein reserved to or conferred upon the City.

(2) To make such provisions for the purpose of curing any ambiguities or of curing, correcting or supplementing any defective provision contained in this ordinance in regard to such matters or questions as the Council may deem necessary or desirable and not inconsistent with this ordinance and which shall not adversely affect the interests of the owners of any Parity Bonds in any material respect.

(3) To amend or supplement any provision contained in this ordinance for the purpose of obtaining or maintaining a rating on the Bonds so long as such amendment or

supplement is not inconsistent with this ordinance and will not adversely affect the interests of the owners of any Parity Bonds in any material respect.

Any such supplemental ordinance of the Council may be adopted without the consent of the owners of any Parity Bonds at any time outstanding, notwithstanding any of the provisions of subsection B of this section; provided, however, that the City shall obtain an opinion of nationally recognized bond counsel to the effect that such supplemental ordinance complies with this subsection A and will not adversely affect the interests of the owners of any Parity Bonds in any material respect.

B. With the consent of the owners of not less than a majority in aggregate principal amount of the Parity Bonds at the time outstanding, the Council may adopt an ordinance or ordinances supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this ordinance or of any supplemental ordinance; provided, however, that no such supplemental ordinance shall:

(1) Extend the fixed maturity of any Parity Bond, or reduce the rate of interest thereon, or extend the time of payments of interest from their due date, or reduce the amount of the principal thereof, or reduce any premium payable on the redemption thereof, without the consent of the owner of each Parity Bond so affected; or

(2) Reduce the aforesaid percentage of owners of Parity Bonds required to approve any such supplemental ordinance, without the consent of the owners of all Parity Bonds then outstanding.

It shall not be necessary for the consent of bondowners under this subsection B to approve the particular form of any proposed supplemental ordinance, but it shall be sufficient if such consent shall approve the substance thereof.

C. Upon the adoption of any supplemental ordinance pursuant to the provisions of this section, this ordinance shall be deemed modified and amended in accordance therewith, and the respective rights, duties and obligations of the City under this ordinance and all owners of Bonds outstanding hereunder shall thereafter be determined, exercised and enforced thereunder, subject in all respects to such modification and amendments, and all the terms and conditions of any such supplemental ordinance shall be deemed to be part of the terms and conditions of this ordinance for any and all purposes.

D. So long as the Insurer is not in default of any of its obligations under the Bond Insurance Policy, the Insurer shall be deemed to be the sole Bondowner for the purposes of providing consent where the consent of a majority of Bondowners is required under this Section 27. In situations where the consent of 100% of Bondowners is required, the Insurer shall not be deemed to be the sole Bondowner and all Bondowners shall receive notice of an amendment to the ordinance and no amendment requiring the consent of 100% of Bondowners may be approved without such unanimous consent.

Section 28. Bond Insurance and Reserve Surety Policy. The Council hereby approves the commitment of the Insurer to provide a bond insurance policy guaranteeing the payment when due of principal of and interest on the Bonds (the "Bond Insurance Policy") and a debt service reserve insurance policy to satisfy the Reserve Requirement (the "Reserve Surety Policy"). The Council further authorizes and directs all proper officers, agents, attorneys and employees of the City to cooperate with the Insurer in preparing such additional agreements, certificates, and other documentation on behalf of the City as shall be necessary or advisable in providing for the Bond Insurance Policy and the Reserve Surety Policy.

Section 29. Defaults and Remedies.

29.1 Events of Default. The following shall constitute "Events of Default" with respect to the Bonds:

(1) If a default is made in the payment of the principal of or interest on any of the Bonds when the same shall become due and payable; or

(2) If the City defaults in the observance and performance of any other of the covenants, conditions and agreements on the part of the City set forth in this ordinance or any covenants, conditions or agreements on the part of the City contained in any ordinance authorizing Parity Bonds and such default or defaults have continued for a period of six months after they have received from the Bondowners' Trustee (as defined below) or from the registered owners of not less than 25% in principal amount of the Parity Bonds, a written notice specifying and demanding the cure of such default. However, if the default in the observance and performance of any other of the covenants, conditions and agreements is one which cannot be completely remedied within the six months after written notice has been given, it shall not be an Event of Default with respect to the Bonds as long as the City has taken active steps within the six months after written notice has been given to remedy the default and is diligently pursuing such remedy.

(3) If the City files a petition in bankruptcy or is placed in receivership under any state or federal bankruptcy or insolvency law.

29.2 Bondowners' Trustee. So long as such Event of Default has not been remedied, a bondowners' trustee (the "Bondowners' Trustee") may be appointed by the registered owners of 25% in principal amount of the Parity Bonds, by an instrument or concurrent

the registered owners of not less than 25% in principal amount of the Parity Bonds outstanding shall, take such steps and institute such suits, actions or other proceedings, all as it may deem appropriate for the protection and enforcement of the rights of the registered owners of the Parity Bonds, to collect any amounts due and owing to or from the City, or to obtain other appropriate relief, and may enforce the specific performance of any covenant, agreement or condition contained in this ordinance or in any of the Parity Bonds.

Nothing contained in this Section 29 shall, in any event or under any circumstance, be deemed to authorize the acceleration of maturity of principal on the Parity Bonds, and the remedy of acceleration is expressly denied to the registered owners of the Parity Bonds under any circumstances including, without limitation, upon the occurrence and continuance of an Event of Default.

Any action, suit or other proceedings instituted by the Bondowners' Trustee hereunder shall be brought in its name as trustee for the Bondowners and all such rights of action upon or under any of the Parity Bonds or the provisions of this ordinance may be enforced by the Bondowners' Trustee without the possession of any of those Parity Bonds and without the production of the same at any trial or proceedings relative thereto except where otherwise required by law. Any such suit, action or proceeding instituted by the Bondowners' Trustee shall be brought for the ratable benefit of all of the registered owners of those Parity Bonds, subject to the provisions of this ordinance. The respective registered owners of the Parity Bonds, by taking and holding the same, shall be conclusively deemed irrevocably to appoint the Bondowners' Trustee the true and lawful trustee of the respective registered owners of those Parity Bonds, with authority to institute any such action, suit or proceeding; to receive as trustee and deposit in trust any sums becoming distributable on account of those Parity Bonds; to execute any paper or

documents for the receipt of money; and to do all acts with respect thereto that the registered owner himself or herself might have done in person. Nothing herein shall be deemed to authorize or empower the Bondowners' Trustee to consent to accept or adopt, on behalf of any registered owner of the Parity Bonds, any plan of reorganization or adjustment affecting the Parity Bonds or any right of any registered owner thereof, or to authorize or empower the Bondowners' Trustee to vote the claims of the registered owners thereof in any receivership, insolvency, liquidation, bankruptcy, reorganization or other proceeding to which the City is a party.

29.4 Application of Money Collected by Bondowners' Trustee. Any money collected by the Bondowners' Trustee at any time pursuant to this Section 29 shall be applied in the following order of priority:

(i) first, to the payment of the charges, expenses, advances and compensation of the Bondowners' Trustee and the charges, expenses, counsel fees, disbursements and compensation of its agents and attorneys; and

(ii) second, to the payment to the persons entitled thereto of all installments of interest then due on the Parity Bonds in the order of maturity of such installments and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the persons entitled thereto, without any discrimination or preference; and

(iii) third, to the payment to the persons entitled thereto of the unpaid principal amounts of any Parity Bonds which shall have become due (other than Parity Bonds previously called for redemption for the payment of which money is held pursuant to the provisions hereto), whether at maturity or by proceedings for

redemption or otherwise, in the order of their due dates and, if the amount available shall not be sufficient to pay in full the principal amounts due on the same date, then to the payment thereof ratably, according to the principal amounts due thereon to the persons entitled thereto, without any discrimination or preference.

29.5 Duties and Obligations of Bondowners' Trustee. The Bondowners' Trustee shall not be liable except for the performance of such duties as are specifically set forth herein. During an Event of Default, the Bondowners' Trustee shall exercise such of the rights and powers vested in it hereby, and shall use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs. The Bondowners' Trustee shall have no liability for any act or omission to act hereunder except for the Bondowners Trustee's own negligent action, its own negligent failure to act or its own willful misconduct. The duties and obligations of the Bondowners' Trustee shall be determined solely by the express provisions of this ordinance, and no implied powers, duties or obligations of the Bondowners' Trustee shall be read into this ordinance.

The Bondowners' Trustee shall not be required to expend or risk its own funds or otherwise incur individual liability in the performance of any of its duties or in the exercise of any of its rights or powers as the Bondowners' Trustee, except as may result from its own negligent action, its own negligent failure to act or its own willful misconduct.

The Bondowners' Trustee shall not be bound to recognize any person as a registered owner of any Bond until his title thereto, if disputed, has been established to its reasonable satisfaction.

The Bondowners' Trustee may consult with counsel and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it

hereunder in good faith and in accordance with the opinion of such counsel. The Bondowners' Trustee shall not be answerable for any neglect or default of any person, firm or corporation employed and selected-by it with reasonable care.

29.6 Suits by Individual Bondowners Restricted. Neither the registered owner nor the beneficial owner of any one or more of Parity Bonds shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of same unless:

- (i) an Event of Default has happened and is continuing; and
- (ii) a Bondowners' Trustee has been appointed; and
- (iii) such owner previously shall have given to the Bondowners' Trustee written notice of the Event of Default on account of which such suit, action or proceeding is to be instituted; and
- (iv) the registered owners of twenty-five percent (25%) in principal amount of the Parity Bonds, after the occurrence of such Event of Default, has made written request of the Bondowners' Trustee and have afforded the Bondowners' Trustee a reasonable opportunity to institute such suit, action or proceeding; and
- (v) there have been offered to the Bondowners' Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby; and
- (vi) the Bondowners' Trustee has refused or neglected to comply with such request within a reasonable time.

No registered owner or beneficial owner of any Parity Bond shall have any right in any manner whatever by his action to affect or impair the obligation of the City to pay from the Net

Revenue the principal of and interest on such Parity Bonds to the respective owners thereof when due.

29.7 Payment Solely From Net Revenue and Certain Funds. Nothing in this Section 29 shall be deemed to require payment to Bondowners from any source other than the Net Revenue and money and investments in the funds pledged in Section 7 of this ordinance.

Section 30. Severability. If any one or more of the covenants or agreements provided in this ordinance to be performed on the part of the City shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements shall be null and void and shall be deemed separable from the remaining covenants and agreements of this ordinance and shall in no way affect the validity of the other provisions of this ordinance or of the Bonds.

Section 31. Ratification. Any action consistent with the authority but prior to the effective date of this ordinance is hereby ratified and confirmed.

Section 32. Effective Date. This ordinance shall take effect five days after its passage, approval and publication as required by law.

PASSED by the Council of the City of Bellevue, Washington at a regular open public meeting of the Council on _____, 2004 and signed in authentication of its passage this ____ day of _____, 2004.

[S E A L]

CITY OF BELLEVUE, WASHINGTON

MAYOR

APPROVED AS TO FORM:

CITY ATTORNEY

ATTEST:

MYRNA L. BASICH, CITY CLERK

PUBLISHED: _____

CERTIFICATE

I, the undersigned, City Clerk of the City of Bellevue, Washington, (the "City") and keeper of the records of the City Council (the "Council"), DO HEREBY CERTIFY:

1. That the attached ordinance is a true and correct copy of Ordinance No. _____ of the Council (the "Ordinance"), duly passed at a regular meeting thereof held on the _____ day of _____, 2004.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a quorum was present throughout the meeting and a legally sufficient number of members of the Council voted in the proper manner for the passage of said Ordinance; that all other requirements and proceedings incident to the proper passage of said Ordinance have been duly fulfilled, carried out and otherwise observed; and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of _____, 2004.

City Clerk

EXHIBIT A

Official Notice of Bond Sale

EXHIBIT B

Winning Bid

City of Bellevue
Parks & Community
Services Department



Management Brief

DATE: July 26, 2004

TO: Mayor Marshall and City Councilmembers

FROM: Patrick Foran - Parks & Community Services Director, 452-5377
 Glenn Kost - Planning, Design & Project Mgmt, 452-5258
 Ken Kroeger - Project Manager, MSEEC, 452-4624

SUBJECT: Status Report and Review of the Mercer Slough Environmental Education Center (MSEEC) project

PURPOSE

The purpose of this report is to brief you on the potential of changing the location of the proposed MSEEC from its current westside of the Slough location along Bellevue Way (next to the Park and Ride Lot) to the eastside of the Slough at the location of the existing Environmental Education Center (the Sullivan House) along 118th. Unless Council has objections to this new location or requires further analysis and discussion, staff will proceed to implement the project at this new location.

BACKGROUND

The idea for an environmental education center at the Mercer Slough was first conceived more than 30 years ago. The Environmental Education Center (MSEEC) was included in the master plan for the Mercer Slough Nature Park, which was adopted at the June 6, 1990 City Council meeting (*Resolution No. 5279*) and an Environmental Impact Statement (EIS) was completed.

On June 21, 2004 Council approved a revised Memorandum of Understanding with the Pacific Science Center (PSC) outlining the funding, architectural program, phased approach for development, and operating roles and responsibilities. This proposed change of location does not impact those provisions. Funding remains the same and is adequate for the phased approach specified in the MOU. The design program and architectural style is the same, and our operational relationship with the Pacific Science Center doesn't change.

CURRENT SITE - Bellevue Way

Present plans have located the MSEEC along Bellevue Way SE, just south of the Metro Park and Ride Lot in the Mercer Slough. This original site was selected for its visibility and to serve as a portal to Bellevue and our citywide greenway system. However, since the origins of the project, circumstances have changed which suggest an alternate location could be best in the long run. Originally, visibility was very important to the PSC because their business model envisioned a very aggressive projection of revenue from paid admission for drop in visits to a large exhibit building. Upon review of their business model, the PSC chose to drop the paid admission concept, eliminate the exhibit building, and focus only on registered programs utilizing the classroom buildings. Therefore, the high visibility is not as important to their financial success as before. This change is already captured in the revised MOU approved by Council in June.

In addition, because of the MSEEC's mission, it was important that the project adopt development principles that demonstrate a commitment to environmental stewardship. One of those principles was to provide for a greater wetland setback distance than the minimum code requirements. In doing so, it constricted an already tight site, and lessened the visual and physical connection to the Slough. Also, the development of future regional transportation/transit alternatives perpetuates uncertainties around potential future impacts to the MSEEC in its current location. Finally, with all the above, just the general ambiance and quality of the visitor experience may be less than originally contemplated.

PROPOSED REVISED SITE – 118th Avenue (Sullivan House)

While the current location of the proposed new MSEEC is still viable, staff has looked at the alternative site to see if we could secure a more predictable future, and improve upon the overall visitor experience and project outcome. With the new location, the MSEEC would not function as a portal to Bellevue but could still be the focal point for the City's greenway system. The potential for conflicts with future regional transportation/transit concepts is far less likely at this location. Upon closer consideration, even though direct access to future transit options would facilitate regional access to the MSEEC, on balance, we think the intensity of activity and the added infrastructure associated with transit improvements would significantly detract from the overall aesthetics and visitor experience of the MSEEC. The proposed site will be served very well by I-405 at either the SE 8th interchange or the Coal Creek interchange.

The proposed location provides an inherently more appealing site. The Sullivan House location (*see attached revised site plan*) affords an elevated, more ecologically complex, forested environment adjacent to the Slough where the buildings can be nestled into the forested slope with minimal impact in a way that you will literally be "up in the trees". The overall location is quieter, tranquil, and more inviting. Because of the elevation, we gain expanded views of the Slough and, in one direction, the Downtown Bellevue skyline will be prominent (recall our famous picture of the kayaker in the slough with the downtown skyline in the background).

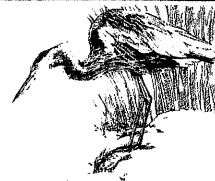
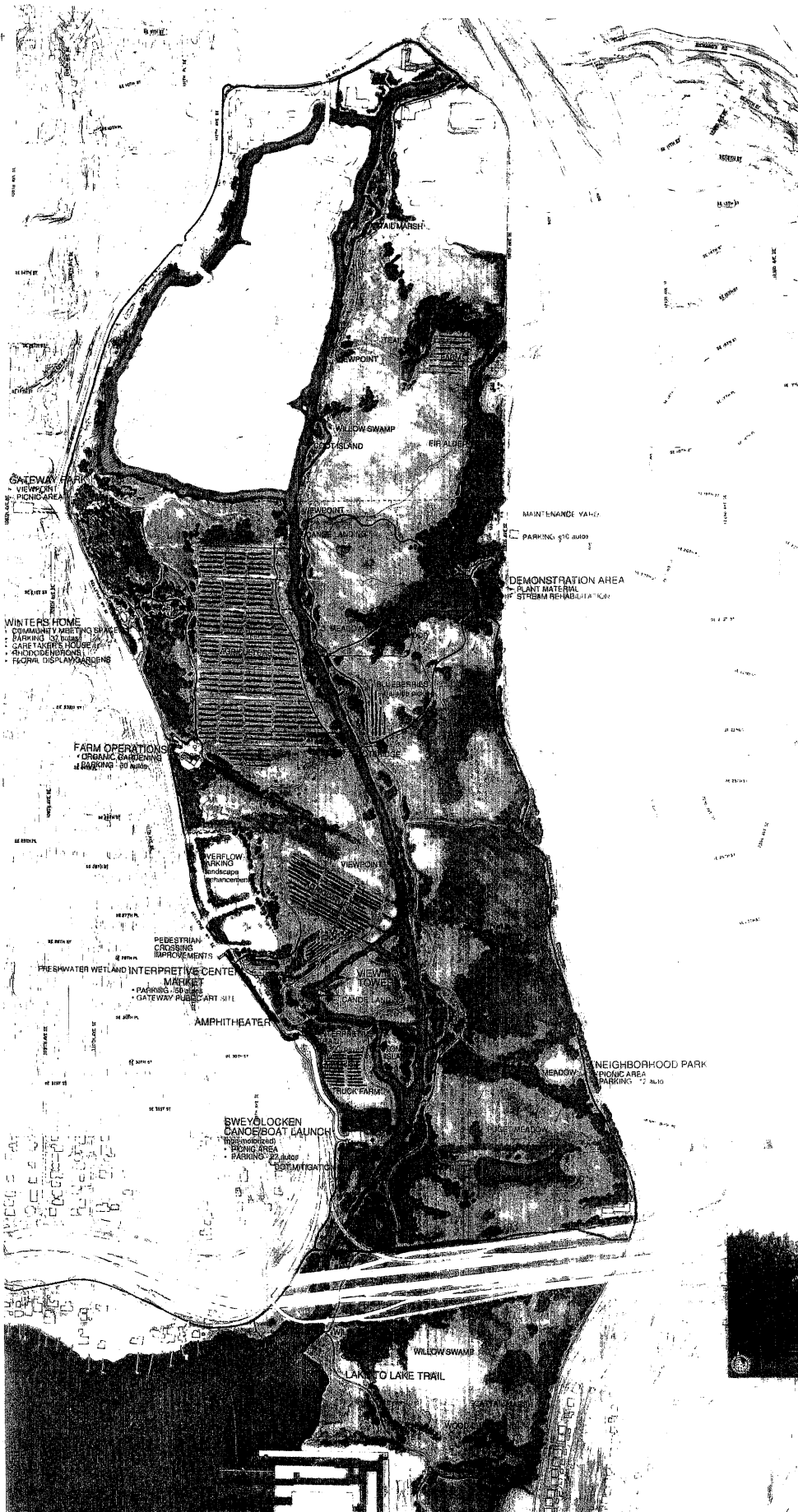
Frankly, we think the general appeal of the alternative location will sell itself. The overall atmosphere of the site, the way the buildings are artfully blended with the forest, the elevated boardwalks, tree house, and views from the observation decks all provide for a more varied and interesting set of experiences than the original location can provide. Additionally, the design proposes to re-use the existing Sullivan and White houses, which will allow our current, limited funds to go further.

NEXT STEPS

The HUD money has a deadline for utilization or it reverts back to HUD. \$2 million must be utilized by July 2007. The remaining \$1 million must be utilized by September 2007. Staff has approximately 29-36 months to complete the MSEEC project (NEPA environmental review, design, permitting, and construction) Therefore, we must move this project forward as soon as possible, or we run the risk of losing the majority of our funding. We have met with Bryce Seidl, CEO of the Pacific Science Center, and he has no objections to the concept of moving the location. He will need to get approval from his Board. Therefore, if Council has no objection to the new location, we will work with PSC to obtain their Board's approval.

ATTACHMENTS

- A. Mercer Slough Master Plan
- B. MSEEC Site Plan (new location)
- C. MSEEC Sectional Plan (new location)
- D. MSEEC Proposed Site Plan (current location)
- E. MSEEC Proposed Sectional Plan (current location)

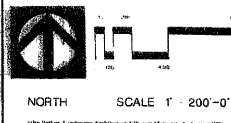


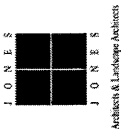
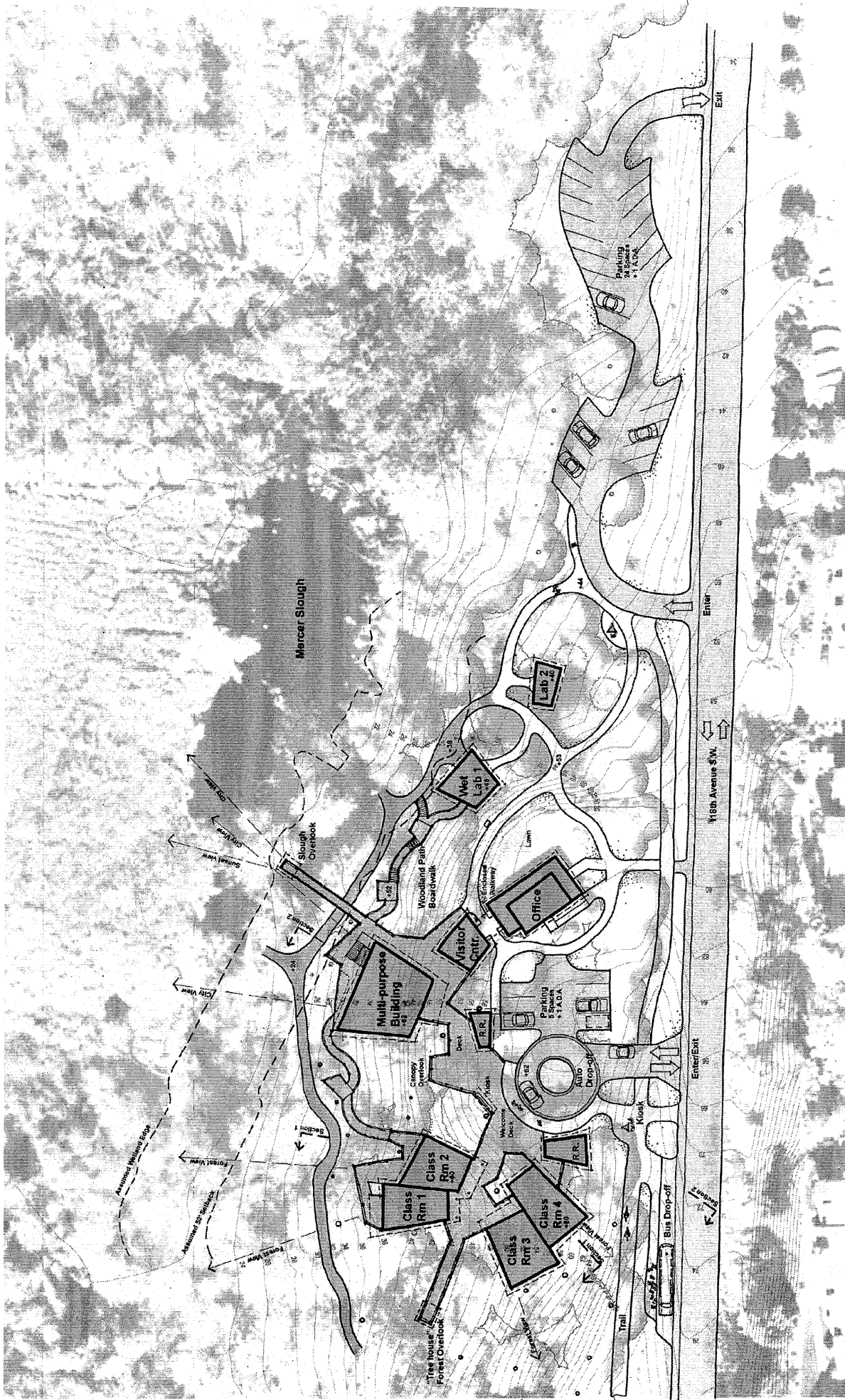
CITY OF BELLEVUE

Parks and
Recreation
Department

JONES & JONES
Architects and
Landscape Architects
Seattle, WA 624-5702

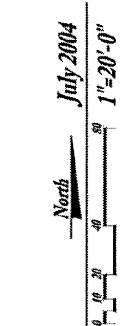
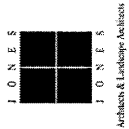
MERCER SLOUGH MASTER PLAN ALTERNATIVE 'D'





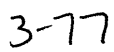
MERCER SLOUGH
ENVIRONMENTAL EDUCATION CENTER

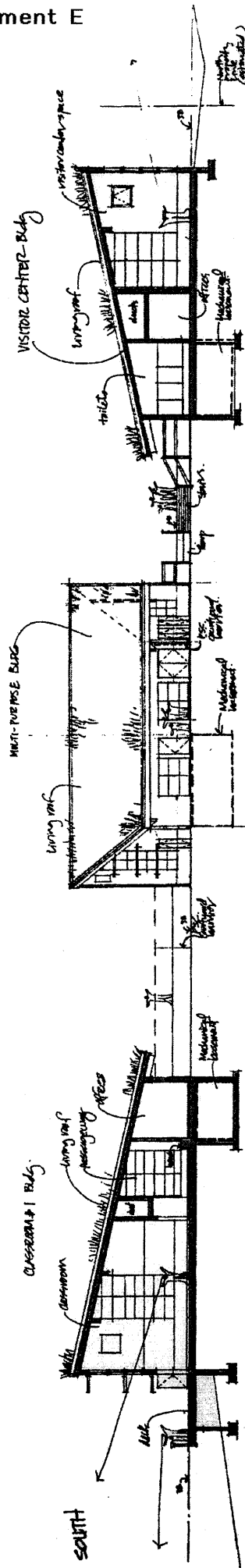
CONCEPT SITE PLAN



MERCER SLOUGH
ENVIRONMENTAL EDUCATION CENTER
CONCEPT SITE PLAN









DATE: July 26, 2004

TO: Mayor Marshall and City Councilmembers

FROM: Patrick Foran - Parks & Community Services Director, 452-5377
Glenn Kost - Planning, Design & Project Mgmt, 452-5258

SUBJECT: South Bellevue Community Center (SBCC) Bid Options

PURPOSE

This management brief summarizes Council alternatives in case the July 22 bid opening for the construction of the South Bellevue Community Center (SBCC) exceeds available project funding. This contingency information is being provided so Council can either approve or reject these bids at the August 2, 2004 Council Meeting.

BACKGROUND/ANALYSIS

After a nearly three year public involvement process that included a citizens advisory committee, the King County-owned Eastgate Park was selected as the preferred location for the South Bellevue Community Center. On January 3, 2003, King County transferred ownership of Eastgate Park to the City of Bellevue, and on March 3, 2003, the City Council authorized a professional services agreement with ARC Architects to design the SBCC. A Conditional Use Permit (CUP) for the community center was approved April 9, 2004. On May 3, 2004, the Master Plan for Eastgate Park was adopted and a capital and operating partnership with the Bellevue Boys & Girls Club (BBGC) was approved by the City Council. Advertisements for bids were published on June 24, June 29, July 8, and July 13, in the Seattle Daily Journal of Commerce and King County Journal. Bid documents were also placed on-line through Builders Exchange.

The bid opening for the construction of the South Bellevue Community Center is scheduled for July 22 and Council action to award the bid is scheduled for August 2. Council action is needed August 2nd because of the very tight project timeline in which the foundations must be in by a November deadline for sensitive area work so the construction can continue through the winter.

Based on recent information from other communities that are simultaneously bidding comparable public facilities, we are hearing that the bidding climate has changed over the last year and that projects of this type are coming in significantly over the engineers estimate. The engineers estimate for this project is \$8,648,000 including Washington State sales tax. In addition, we believe that only a relatively small number of general contractors will submit bids for this project due to amount of construction work in the region, our tight timelines, and the sensitive environmental work needed for this site.

NEXT STEPS

Council action to award or reject the bids is scheduled for the August 2, 2004 Council Meeting.

ALTERNATIVES

If the lowest responsible bid exceeds funding available in the adopted South Bellevue Community Center budget, Council alternatives include the following:

1. Approve the lowest responsible bid by allocating a portion of the project's dedicated M&O funding to cover project start-up costs. While \$452,000 has been set aside in the CIP budget for annual M&O costs starting in 2005, these operating funds will not be fully needed until the community center opens in 2006. These one-time funds could be used to cover project start-up costs without negatively impacting the ongoing M&O of this facility.
2. Approve the lowest responsible bid by redirecting funds from other Park capital projects. The Parks CIP has currently identified \$2.9 million in potential project deferrals for the 2005-2011 budget, and the Neighborhood Parks CIP has an uncommitted balance of \$773,000 available in 2007. Collectively, alternatives one and two identify Parks CIP capacity of up to \$4.1 million that could potentially be used for this project. If chosen, this alternative will impact the CIP financing options discussed during the "early outlook" CIP financial forecast presented to Council at the June 28 Study Session.
3. Approve the lowest responsible bid by allocating additional CIP funds to the project through the 2005-2011 budget process. This alternative moves the project forward, but impacts an already stressed capital program unless additional CIP revenues are available.
4. Reject all bids and resubmit at a later date. This alternative will rebid the project at a future date on the speculation that the bidding climate will be more favorable to the City. If selected, this option will miss the November construction window and will further delay community use of this facility.
5. Reject all bids and redesign the project. This option is not recommended. The current community center design matches the recommendations of the Citizens Advisory Committee, and since the project has already undergone significant value engineering, further project redesign will negatively impact the community's use of this facility since. For example, saving the tennis courts was very important to the neighborhood, and if gym space is reduced we jeopardize the \$1.5 million contribution from the BBGC. In addition, project redesign will create added soft costs, further delay the project, and require modification of the Conditional Use Permit and SEPA review.
6. Ask the BBGC to increase their contribution to the project. This option is not recommended as the BBGC has already increased their contribution toward the project from \$1.2 million to \$1.5 million.

RECOMMENDATION

Pending outcome of bid opening scheduled for July 22, 2004

ATTACHMENT

2003-2009 South Bellevue Community Center Budget (P-AD-61)

Version 2

2003-2009 Adopted CIP: Park Acquisition & Development

CIP PLAN NUMBER: P-AD-61

CIP FUND/PROJECT NUMBER: 3680-827

PROJECT NAME: South Bellevue Community Center

PROJECT LOCATION: Site to be determined

DEPT/PROGRAM: Parks & Community Services/Planning, Design & Project Management

STATUS: Approved and Begun

ACTUAL/ESTIMATED START DATE: 1998

ESTIMATED COMPLETION DATE: 2006

PROJECT DESCRIPTION/SCOPE: Construction of an approximate 32,000 square-foot "full service" Community Center, to include a large gymnasium, meeting room with kitchen, fitness/exercise space, space for seniors and teens, and a drop-in child-minding space. Additionally, the center will include spaces which would serve as a lobby, community living room, café, small meeting room/classroom space, administrative offices, restrooms, and storage space. Site improvements will include vehicle and pedestrian access and circulation, parking, hard- and soft- surfaced outdoor activity space, and a children's play area. A partnership with the Bellevue Boys and Girls Club (BBGC), a private non-profit recreational program provider, has been forged, which includes a \$1.2 million contribution from the BBGC. The preferred site is Eastgate County Park, which the City has successfully negotiated with King County for the transfer of this park to the City of Bellevue in December 2002.

PROJECT JUSTIFICATION/BENEFITS: Existing community centers are not equitably distributed geographically across the park system, and there is no City owned indoor community space south of I-90. There is high public demand for access to indoor recreation facilities. The National Recreation and Parks Association (NRPA) recreation standard is one center per 25,000 in population. This investment will bring Bellevue into compliance with this standard. User fee revenues are estimated to offset 35% of annual program operations costs. This revenue stream is estimated to decrease the annual m&o costs by \$52,500. Based on historical participation data at similar centers in the region, staff estimates the center will attract more than 100,000 user visits annually. The center will also serve as a needed disaster relief shelter for the south Bellevue area.

ENVIRONMENTAL IMPACTS: Park facility construction will require removal of some vegetation, grading, temporary impacts of construction including noise and dust, and potentially increased traffic. A State Environmental Protection Act (SEPA) review is required for development.

CHANGES TO PREVIOUSLY APPROVED CIP PROJECT DESCRIPTION:

Capital Cost/Revenue: Project cost and revenue have been adjusted upward \$1,269,000 for additional site costs and for seismic modifications to allow the facility to serve as an emergency/disaster relief shelter.

PROJECT BUDGET:

\$000

	Through 2002	2003	2004	2005	2006	2007	2008	2009	2003-2009 Total	Project Total
TOTAL CAPITAL COST:	356	1,122	2,220	4,600	104				8,046	8,402
REVENUE:										
Gen CIP Revenue	239	148	1,057	3,534					4,739	4,978
REET	117	974	1,163	1,066	104				3,307	3,424
TOTAL REVENUE	356	1,122	2,220	4,600	104				8,046	8,402
M&O COSTS:				392	403	413	425	436		

Capital Costs Beyond 2009: NA

**MEMORANDUM**

DATE: July 26, 2004

TO: Mayor Marshall and Bellevue City Councilmembers

FROM: Ellen Miller-Wolfe, Economic Development Manager

SUBJECT: Bellevue Economic Partnership update

The Bellevue Economic Partnership (BEP) was organized five years ago to recruit and retain high technology businesses for Bellevue. In the ensuing years the BEP has expanded its scope to include recruitment of other types of businesses with an added focus on FIRES (Finance, Insurance, Real Estate, and Services). The original partners, the Bellevue Chamber of Commerce, the City of Bellevue, the Bellevue Downtown Association (BDA) and Port of Seattle/King County, have been joined by Meydenbauer Convention Center.

This past year, the BEP has enhanced past efforts by reenergizing two committees – Recruitment and Retention, and adding two more, Welcome and Data Gathering, as well as an Executive Committee to oversee all BEP work. Mayor Marshall serves on the Executive Committee; Deputy Mayor Phil Noble and Councilmember John Chelminiak serve on the Welcome and Recruitment Committees respectively; Councilmembers Grant Degginger and Conrad Lee represent Bellevue on the Retention Committee; and Councilmember Lee also serves on the Data Gathering Committee.

The committees have been active in visiting existing businesses, welcoming new ones, and have been particularly proactive in recruiting SAFECO to Bellevue. The BEP is coming to Council to present an update of its recent successes.

CITY COUNCIL STUDY SESSION ITEM**SUBJECT**

Discussion and direction regarding a proposed ordinance amending the Bellevue City Code to allow signs at the upper levels of high-rise buildings downtown; amending Sections 22B.10.020 and 22B.10.025 of the Bellevue City Code.

STAFF CONTACT

Matt Terry, Director, Department of Planning & Community Development
 Kate Berens, Legal Planner, PCD

452-6191
 452-4616

POLICY ISSUES

Should the Council adopt an amendment to the Sign Code allowing signs at the top of high-rise buildings downtown, where such signs are limited to one such sign only for businesses occupying 200,000 or more square feet, are subject to design review to ensure appropriate size and design, and limited to placement oriented towards I-405?

DIRECTION NEEDED FROM COUNCIL

 Action
X Discussion
X Information

Following review and discussion, staff is seeking direction on whether to schedule action on the proposed ordinance at the August 2nd or other future Council meeting.

BACKGROUND/ANALYSIS

At a June 14th study session, staff briefly introduced requests from two potential tenants of downtown office space for signage at the top of high-rise buildings. Such signage is currently prohibited by Section 22B.10.025.E.1 of the Sign Code, except for hotel/motel uses where the design is compatible with building architecture. At that meeting Council directed staff to develop an ordinance allowing such signage. This memorandum describes the limits included by staff in the draft ordinance to ensure consistency with existing Comprehensive Plan policies and goals for the Downtown. In addition to the limits included in the draft ordinance, the memorandum outlines alternative approaches.

Current Comprehensive Plan Policies re: Downtown Signage:

Comprehensive Plan policies related to urban design and signage provide the context for both our existing Sign Code regulations and any amendment. Policies that particularly influence our sign regulations include:

POLICY EC-6. Encourage high quality design and development in working or trading areas.

POLICY UD-1. Encourage unique designs for major buildings in order to create distinctive reference points in the community.

POLICY UD-2. Support designs for the built environment that are visually stimulating and thoughtful and which convey excellence in architecture and workmanship, and durability in building materials.

POLICY UD-25. Assure that sign design and placement is compatible with building architecture.

POLICY UD-26. Ensure compatible signs in commercial development with multiple businesses.

POLICY UD-27. Ensure that signs are compatible with their surroundings. Signs should provide information and make a positive visual contribution to the character of the community.

POLICY UD-44. Establish attractive gateways at all key entry points into the City and into smaller districts and communities within the City.

POLICY UD-66. Encourage rooflines which create interesting and distinctive forms against the sky within the Downtown.

POLICY UD-72. Discourage signs at upper levels of high-rise buildings with limited exception for hotel names and logos when compatible with the buildings [sic] architecture. **Note:** similar language discouraging signs at the upper levels of high-rise buildings is found in the Land Use Code design review criteria for downtown construction.

The recent Downtown Implementation Plan efforts, which will support amendments to the Downtown Subarea plan, do not significantly affect the above stated policies.

These policies uniformly emphasize the look of the built environment, recognizing its impact on the perception of the quality and livability of areas in the city, including the downtown. Over the years, much effort has been focused on creating policies and development regulations ensuring an architecturally distinctive, attractive downtown. This vision for the downtown translates to what we see today, a skyline that defines the city for both its residents and visitors. Outside of Seattle, Bellevue has the only concentration of high-rise buildings in the region, and offers dramatic views of the downtown buildings against the backdrop of the Cascades, Lake Washington and the Olympic Mountains. Unlike building facades seen from the freeway corridors, the downtown skyline is a visual backdrop that helps define a number of Bellevue neighborhoods, and the skyline view is an amenity that positively impacts neighborhood property values. Its distinctiveness as a visual element is comparable in some ways to the role played by Bellevue's dramatic lake and mountain views. Our historic practice of prohibiting signs at the top of high-rise buildings has been a response to the importance of our skyline to those who work there, and to the many people who see it from their residences. This practice is reflected in Policy UD-72 and existing LUC design review criteria.

The word "discourage" in Policy UD-72 and the LUC does not mean that such signage must be prohibited. It does mean that any allowance for signs at the tops of buildings be carefully considered in light of all of the interests affected by this change. Staff has included in the draft ordinance limits believed to be consistent with Policy UD-72. Should Council choose to modify some of the limits suggested, the overall impact on the Downtown must be evaluated in light of Policy UD-72.

Current Sign Code Provisions:

The Comprehensive Plan policies discussed above are implemented in part through the Sign Code. All signs within the downtown are subject to the design review requirements of Section 22B.10.025 of the Sign Code. As described above, the Sign Code prohibits signs at the top of high-rise buildings, defined as buildings with a roofline that is equal to or exceeds 75 feet above average finished grade.

General sign code design review requirements set forth a number of design criteria, including: enhancing the overall appearance of a building and site; integrating signs into the architecture of the building or facade; consolidating signage on a building to avoid a scattered appearance; and orienting illuminated signs away from adjoining residential development. Although these design criteria are not specifically written to address signs at the tops of high-rise buildings, they do indicate the kinds of issues that are relevant to the design of any sign in the downtown, including top of building signs.

Scope of Sign Code Amendment to Allow Top of Building Signs:

The proposed ordinance modifies the Sign Code to allow signs at the upper levels of high-rise buildings in some circumstances. Following is a discussion of the limits on upper level signs proposed in the ordinance, followed by alternative approaches.

1. Signs at the upper levels of high-rise buildings are limited to businesses occupying 200,000 or more net square feet in the building on which the sign is placed.

The recent inquiries from potential tenants indicate that allowing signs at the top of high-rise buildings may be a helpful tool in marketing office space to very large corporate users. However, the approach to design and character of the downtown articulated in our policies and regulations suggests limiting this tool to a relatively few buildings.

Allowing a sign at the top of every downtown building could result in sign proliferation, as would tying signage rights to corporate headquarters without including a size component.

Alternatives to the staff recommendation include:

- Allow top of building signs for any building occupant, or for a "building name" (with potential limits on the total number of such signs per building, further discussed in paragraph 2 below); or
- Limit top of building signs to corporate headquarters, as evidenced by the location of corporate officers.

2. Only one upper level sign allowed per building.

Top of building signs have a greater impact on aesthetics and livability issues on a wider area than other building mounted signs at the street level. The current Sign Code, Land Use Code regulations, and Comprehensive Plan policies support mitigating such impacts to ensure that the benefits of such signage is balanced with the potential disadvantages. In addition, as mentioned above, the proliferation of top of building signs changes the quality of the downtown skyline as a community defining asset.

Alternatives to the staff recommendation include:

- Allow top of building signs of unlimited number; governed only by the overall square footage limitations allowed for each business under existing sign code calculations; or
- Limit the number of top of building signs to one per qualifying tenant

3. Upper level signs may be placed only on the east (or most easterly) facade of a building.

Many of the Comprehensive Plan policies relating to the downtown address the impacts of the downtown on the surrounding residential areas. Design and impact issues are particularly focused on those residential areas. *See* Policies UD-55 and UD-58. Views from public spaces are also highlighted in the Comprehensive Plan. *See* Policy UD-33. Requiring top of building signs to be oriented towards I-405 and away from the more immediately adjacent residential neighborhoods is consistent with these policies in the Comprehensive Plan. Orientation towards I-405 also allows for greatest visibility of such signage for commuters and visitors who may benefit from the information provided.

Such a requirement does, however, concentrate the impact of allowing top of building signs in one view of the downtown. That view may impact neighborhoods south and east of downtown. Additional limitations described below should minimize that impact.

Alternatives to the staff recommendation include:

- Allow top of building signs on any façade of a qualifying building; or
- Allow top of building signs on only the east and north façades of a qualifying building (so as not to impact downtown park)

4. Sign size is based on façade proportions, with a maximum size cap.

Specific maximum size limits are recommended as a tool to manage expectations and provide certainty in the Sign Code. These limits are a typical approach to land use code regulation, where flexibility is allowed within a certain range. General language in the Sign Code requires that all signs, including upper level high-rise signs, be designed to be proportional to the building on which they are located, and to not obscure architectural features. An overall square footage maximum of 300 square feet is also included. This size cap is consistent with the current maximum

size sign allowed in commercial areas. In addition, it ensures that no one sign in the skyline is emphasized more than another.

Alternatives to the staff recommendation include:

- Allow top of building signs without specific size limits; rely on existing design review criteria related to scale;
- Limit top of building signs by total area, as a percentage of total building facade area; or
- Limit top of building signs by total area, as a percentage the linear length of building facade.

5. Upper level high-rise signs may not be illuminated.

Staff recommends prohibiting illumination of upper level high-rise signs. While design review principles will help control some design and placement issues for signs at the top of high-rise buildings, the ability to control the colors used, content, and design is limited. Letter style and color and logo design and color are more and more the ways that corporations "brand" themselves. The City's ability to change these features is limited by First Amendment concerns. Once signs are allowed at the upper levels of high-rise buildings, the look of those signs will be largely a result of the sign owner's decisions. Especially at night, illumination of colored signs would emphasize the sign's role in the overall skyline much more dramatically than similar lighting on low or mid-rise buildings. Particularly in light of the importance of the skyline in defining the city, and the fact that some neighborhoods east and south of downtown will view these signs, illumination should be prohibited.

Alternatives to the staff recommendation include:

- Allow top of building signs to be internally or externally illuminated at all times; or
- Allow top of building signs to be internally illuminated only at all times.

6. Other Sign Issues. The following limitations shall also apply to upper level high-rise signs:

- Any top of building sign be removed if the business leaves the building or falls below the size requirement;
- Any top of building sign should be included in the building's total sign allocation, as calculated pursuant to the existing Sign Code; and
- Top of building signs should not be roof-mounted (i.e. project above the roofline), nor allowed to project beyond the edge of any façade.

Attached to this memorandum are copies of the written comments we have received related to high rise signs. Included are color simulations of proposed signage prepared by Safeco to illustrate their position on the limits described above.

ALTERNATIVES

1. Direct staff to schedule the proposed ordinance for action on August 2nd, or other future Council meeting;
2. Direct staff to modify the proposed ordinance, and return for further discussion and action at the August 2nd or other future Council meeting.

RECOMMENDATION

1. Direct staff to schedule the proposed ordinance for action on August 2nd or other future Council meeting.

ATTACHMENT(S)

Public comment received
Proposed Ordinance

Last updated: 7/22/04 9:42:06 AM

Berens, Mary Kate

From: Robert Wallace [rwallace@wallaceproperties.com]
Sent: Monday, June 14, 2004 7:27 PM
To: Berens, Mary Kate
Subject: RE: Council discussion on Bellevue High-rise signs

Probably received this too late for comment to be received before tonight's meeting, but I strongly support entitling high rise buildings to have internally illuminated tower signage. I don't believe this should be conditioned on a square footage occupancy requirement nor that naming/signing rights should be restricted to 'corporate headquarters.'

R. C. Wallace

Robert C. Wallace, CEO, Wallace Properties, Inc., PO Box 4184, Bellevue, WA 98009; Phone (425) 455 9976 x 319; Fax: (425) 646 3374; Email: rwallace@wallaceproperties.com

From: MKBerens@ci.bellevue.wa.us [mailto:MKBerens@ci.bellevue.wa.us]
Sent: Monday, June 14, 2004 11:52 AM
To: achilcott@polyhomes.com; alanf@charterbankwa.com; barbara@bellevuedowntown.org; bcatt@kemperdc.com; billp@kcls.org; bjackson@schm.com; blapatra@zgf.com; bnokes@bellevuechamber.org; davids@sterlingrealty.com; ddhoople@earthlink.net; devinck.wa@netzero.net; divanoff@schm.com; EHildonen@ci.bellevue.wa.us; fordyc@wsdot.wa.gov; GHill@ci.bellevue.wa.us; gkletzly@schm.com; jdhardin@aol.com; johns@sudevelopment.com; karen.colbert@metrokc.gov; kfreeman@kemperdc.com; lesliel@bellevuedowntown.org; lindsay@premier1.net; margaret@allowe.com; mimi.siegel@kinderling.org; pat_callahan@equityoffice.com; paul.bogel@wamu.net; pmaxim@u.washington.edu; rbangert@paccar.com; richmared@aol.com; RichrdT@aol.com; robbo@childrensinstitute.com; Robert Wallace; sgraven@meydenbauer.com; stuvhc@nwlink.com; timdore@qwest.net; wrl@dksassociates.com; sheffels@attbi.com; renaybennett@msn.com
Subject: Council discussion on Bellevue High-rise signs

I am sending the attached document to you at the request of Matt Terry to let you know about a discussion scheduled for this evening with the City Council. The discussion centers on whether or not the Council should consider amending the sign code to allow signs at the tops of high-rise buildings downtown. No final action is being taken tonight, this is the initiation of a discussion, and a request for direction on whether or not staff should proceed with drafting such an amendment. Should Council choose to proceed, staff would draft an ordinance for further discussion and action at future Council meetings. Issues implicated are more fully described in the attached memo.

<<6-14 packetversion ss memo.doc>>

The item is scheduled on the Council's Extended Study Session agenda tonight. The meeting begins at 6:00pm with several executive session items anticipated to take about 35 minutes. Immediately following the executive session items, the public portion of the meeting begins with an opportunity for public comment. This item is about the 7th on the agenda, so it is difficult to tell when it will be reached by the Council.

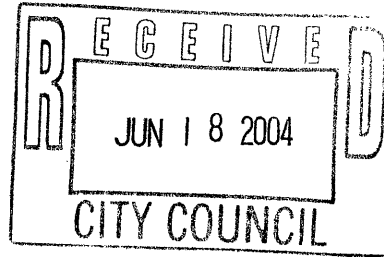
Please feel free to contact me if you have any questions.

Kate Berens,
Legal Planner
PCD

7/22/2004

3-87

June 16, 2004



ALL COUNCIL REC'D
INDIVIDUALLY ADDRESSED
cc: CMO
CCO
PCD

Mayor Connie Marshall
Deputy Mayor Phil Noble
Councilmember Claudia Balducci
Councilmember John Chelminiak
Councilmember Don Davison, DDS
Councilmember Grant Degginger
Councilmember Conrad Lee
Bellevue City Hall
11511 Main Street
Bellevue, Washington 98004

RECEIVED

JUN 21 2004

Planning & Community
Development

Re: Amendment to Sign Ordinance

Dear Ladies and Gentlemen:

I understand that the Council and City Staff are in the process of considering possible changes to the City's sign ordinance as it applies to the downtown high-rise buildings. Given that there seems to be a growing trend among large corporate tenants to desire signage on the exteriors and particularly the tops of high-rise buildings, I believe that the City has a significant opportunity to increase the incentive for large corporate tenants to locate in downtown Bellevue by making reasonable and flexible changes to the sign ordinance. As you know the vacancy rates in downtown high-rises in Bellevue remain at unacceptable levels for the long-term economic vitality of the City. I urge you to take prompt and appropriate action with respect to amending the sign ordinance in order to encourage large corporate tenants to locate their offices in downtown Bellevue. Thank you for your consideration of this matter.

Respectfully,

Warren Koons

cc: Leslie Lloyd, President, BDA
Grant Ringel, Chair, BDA
Matt Terry, Director of Planning
and Community Development

Berens, Mary Kate

From: Bader, Paul
Sent: Wednesday, July 07, 2004 7:34 AM
To: Stroh, Dan; Burgess, Kathleen; Helland, Carol; Berens, Mary Kate
Subject: FW: No changes to high-rise signage

FYI

-----Original Message-----

From: Randy Olson [mailto:randyo@nwlink.com]
Sent: Tuesday, July 06, 2004 8:03 PM
To: Bader, Paul
Subject: RE: No changes to high-rise signage

Thanks for your consideration. In Europe and Tokyo - and perhaps even in Manhattan, the signage is out of control. If it clears your filters, here is a picture I took in Oslo Norway - the building covered from top to bottom in corporate signage of the building tenants.

Randy Olson
randyo@nwlink.com

-----Original Message-----

From: PBader@ci.bellevue.wa.us [mailto:PBader@ci.bellevue.wa.us]
Sent: Tuesday, July 06, 2004 12:44 PM
To: randyo@nwlink.com
Cc: DStroh@ci.bellevue.wa.us; KBurgess@ci.bellevue.wa.us; CHelland@ci.bellevue.wa.us; MKBerens@ci.bellevue.wa.us
Subject: RE: No changes to high-rise signage

Dear Mr. Olson,

Thank you for taking the time to write to the City Council with your comments on the Sign Code changes currently under discussion. This is to confirm that your email was delivered to each of the City Councilmembers. They appreciate receiving citizen input on topics of public interest.

On behalf of the Council, this office has also shared your remarks with senior staff in the Department of Planning and Community Development, which administers the Sign Code. If they should have any questions about your remarks, they will contact you directly.

Again, thank you for bringing your perspective on this issue to the attention of the City Council.

Paul M. Bader
Council Coordinator

3-89

7/22/2004

425-452-7810

pbader@ci.bellevue.wa.us

-----Original Message-----

From: Randy Olson [mailto:randyo@nwlinc.com]

Sent: Monday, July 05, 2004 8:25 PM

To: Council

Subject: No changes to high-rise signage

I read in a recent Puget Sound Business Journal that the council is considering a change in high-rise signage, perhaps compelled by some large businesses. I travel the world and frequently return very grateful at the control that the city has shown in controlling the sprawl of unsightly advertising billboards and large commercial signage. I very much appreciate the low and small approach to assisting me in locating a business without the sign itself being used as a large advertising medium - the sign should not become a defacto billboard.

Not one to over-react but I certainly hope this is not the first crack in the control of signage in giving way to the business demands.

Keep Bellevue beautiful - appropriate signs - not "billboards"

Randy Olson
randyo@nwlinc.com

7/22/2004

3-90



A. HARMAN

TORSHØRNET

GLADGET verdens største GLADGET

stocknet.

-din online megler

Kinnarps

KONTORMØBLER

Kinnarps

ElektroVakuum -E- Lysreklame

Berens, Mary Kate

From: Brent Jackson [bjackson@snwre.com]
Sent: Thursday, July 08, 2004 2:32 PM
To: Berens, Mary Kate
Cc: stephen@pacific-re.com; Tom Woodworth; Greg Kletzly; Brent Jackson
Subject: RE: Draft Sign Amendment Ordinance

A couple of comments on the proposed ordinance:

1. the words "major enterprise" are used in the definition of Single Occupant Building. A single occupant building is defined as "a commercial building or structure with one major enterprise...". In applying your new definition, it would imply that a single occupant building is at least 200,000 gross square feet. There are multiple single occupant buildings that are not this size. The different uses seem to create some confusion
2. the word "occupies" in the definition seems a bit problematic. How about "leases and/or occupies on a generally continuous basis". Large tenants may move a group out and not re-populate the space immediately (thus they are not occupying the space), but if they are paying for the space they should be entitled to rights of signage unless the tenant and the landlord agree to other conditions in the lease.
3. what definition are you using for "gross square footage" – the one out of the land use book which states "inside finished wall excluding vent shafts"? this fails to take into account common area building loads which can be another 3-8%. Why don't you set it up based on Rentable Square Feet. This is a nit, but I could have a 200,000 RSF tenant and yet the Gross square footage, assuming a 6% building load would be 188,679 SF (200,000/1.06), thus precluding this tenant from signage you probably intend for them get.
4. General comments –
 1. larger buildings should be allowed to have multiple signs at upper levels. It is quite possible to have a 400,000 RSF building with 2 tenants of 200,000 SF each. Other planned buildings I'm aware of may exceed 600,000 RSF. Added flexibility to accommodate multiple "important/significant" tenants that provide economic stimulus to the CBD should be allowed.
 2. Open up 2 facades (except West) to signage depending on the building not just the East façade. There is value to the business and thus to the economic vitality of the CBD for visibility to along I-405 and some tenants might prefer North or South to the East. Also, it might make it appear less like a East Façade Billboard only. The limited number of signs at the upper levels of a high rise will not be an impact to residential areas north and south, any more than it is to the East.
 3. Finally, I think signs should be allowed to be illuminated internally or from uplighting. I think this element can be managed appropriately through design review

Ultimately, the Landlord has the ability to allow signage on its building through the lease agreement. Many factors play into whether you offer a tenant signage. I think the code should be loosened up as appropriate. Thanks for the opportunity to provide commentary on this important ordinance change.

Brent Jackson, Investment Manager, Development
Schnitzer Northwest, LLC
225 - 108th Ave NE Suite #400
Bellevue, WA 98004
Phone: (425) 452-3755
Fax: (425) 454-1505
Mobile: (206) 972-5122
E-mail: bjackson@snwre.com (Note: New E-Mail)

-----Original Message-----

From: MKBerens@ci.bellevue.wa.us [mailto:MKBerens@ci.bellevue.wa.us]

3-92

7/22/2004

Sent: Wednesday, June 30, 2004 8:32 AM
To: Brent Jackson
Subject: Draft Sign Amendment Ordinance

Mr. Jackson,

Attached is the current draft of the ordinance amending the sign code to allow signs at the upper levels of high-rise buildings. The ordinance may change as the result of internal review and comment, and Council discussion and direction. We are currently scheduled to discuss this issue with the Council in a study session on July 26th, with action possible on August 2nd.

<<Ordinance.doc>>

Mary Kate Berens
Legal Planner
Department of Planning & Community Development
City of Bellevue
(425) 452-4616



**BELLEVUE DOWNTOWN
ASSOCIATION**

RECEIVED

JUL 13 2004

**Planning & Community
Development**

July 8, 2004

Mary Kate Berens, Legal Planner
Bellevue Department of Planning and
Community Development
P.O. Box 90012
Bellevue, WA 98009-9012

Re: Downtown High-Rise Sign Code Amendment
File No. 04-118883 AB

Dear Ms. Berens,

The City of Bellevue currently is studying an important opportunity to facilitate economic activity in Downtown Bellevue. A proposal to amend Ch. 22B.10 of the Bellevue Sign Code would allow signs to be placed at the top of high-rise buildings. As we understand the proposed amendment, the opportunity for such signage would be limited to buildings housing tenants occupying at least 200,000 square feet, and that there would be limits to sign area and dimension, as well as a prohibition against illumination. Applying throughout the Downtown, this amendment would provide an additional tool to attract potential major new tenants. With an office vacancy rate that is still too high for our liking, we heartily endorse this measure as a way to further Bellevue's economic vitality. Regulations like the sign code should support businesses in the downtown core.

In general, we support the staff proposal, and would concur with a Declaration of Non-Significance. However, we have two concerns with the proposed amendment as it is currently drafted:

First, we would encourage you to preserve the option to illuminate top-of-building signs. If it is justifiable to place a sign on the top of a building so that people can locate it during the day, it only makes sense that visitors also be able to locate it in the evening (or on any given afternoon during our dark winters). We believe that concerns about aesthetics can be overcome through application of specific guidelines and an appropriate design review process. If done properly, illuminated signs can be a powerful tool to attract corporate headquarters to downtown Bellevue.

Second, we understand that the proposed amendment does not increase the total allowance of sign area currently permitted in the code. Thus, signs added to a building at the top would be required to be offset by the removal of existing signs at the base of the building. Signs on the rooflines of buildings perform a very different function than do signs located near the base; the former directs visitors from a long distance, and the latter helps visitors navigate close-in to their destination. In many cases, the existing signage at the base of a building comprises a lease obligation to a tenant, so it is not feasible for the landlord to utilize the amendment; consequently, you would not actually be offering an incentive to

BOARD OF DIRECTORS

CHAIR
Grant Ringel
PUGET SOUND ENERGY

CHAIR ELECT
Richard Leider
TRINITY REAL ESTATE

PAST CHAIR
Sue Baugh
THE STAUBACH COMPANY

TREASURER
Dennis Conrad
SWEENEY CONRAD, P.S.

PRESIDENT
Leslie Lloyd

MEMBERS

Leo Backer
WASHINGTON PARTNERS

Richard Bangert II
PACCAR, INC.

Michael Belka
UNICO PROPERTIES

Stephen Burnett
U.S. BANK

Arlan Collins
COLLINSWOERMAN

Patricia Daleo
EQUITY OFFICE

Tim Dore
BELLEVUE PLAZA, INC.

Tracy Edgers
KEYBANK

Janine Florence
PROPERTY DEVELOPMENT
CORPORATION

Kemper Freeman Jr.
KEMPER DEVELOPMENT

Alan Fulp
CHARTER BANK

Gerry Gerron
MULVANNY/G2 ARCHITECTURE

Stephen Gilbert
PACIFIC REAL ESTATE PARTNERS

Ken Graham
OVERLAKE HOSPITAL
MEDICAL CENTER

Stacy Graven
MEYDENBAUER CENTER

Charlie Hafenbrack
GLY CONSTRUCTION

Brian Hawley
WELLS FARGO

Ralph Iboshi
KPEFF CONSULTING ENGINEERS

Dan Ivanoff
SCHNITZER NORTHWEST, LLC

Ross Jacobson
WILLIAMS KASTNER & GIBBS

Warren Koons
DAVIS WRIGHT TREMAINE LLP

Bill LaPatra
ZIMMER GUNSUL FRASCA

Bob MacMillan
MOSS & COMPANY
EXECUTIVE SEARCH

Marc Neumann
KAYLEN INVESTMENT COMPANY

Ronald Rauch
CLARK NUBER, P.S.

Lisa Rowe
BENTALL CAPITAL

David Schooler
STERLING REALTY ORGANIZATION

John Su
SU DEVELOPMENT

John Valaas
FIRST MUTUAL BANK

Stu Vander Hoek
VANDER HOEK CORPORATION

Joan Wallace
WALLACE PROPERTIES, INC.

Jack Wisner
BANK OF AMERICA

Making A Great Place Together

3-94

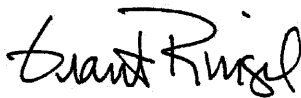
attract major tenants. In all cases, signs at the base are necessary for the primarily smaller business within the building to be viable, because their customers must be able to find them for them to succeed. We believe there is enough separation between the tops of our highrises and signs at the base level to avoid visual clutter. Thus, there is really no need to count them within the same allowance. Allowing top of building signs while not increasing the total allowance amounts to the City giving with one hand while taking away with the other, and we feel this works at cross-purposes with facilitating access to our community and expressing a business-friendly atmosphere for Bellevue.

We urge the City to reconsider these two provisions as we suggest.

Thank you for and for soliciting and considering our input on this matter.

Sincerely,

BELLEVUE DOWNTOWN ASSOCIATION



Grant Ringel,
BDA Chair



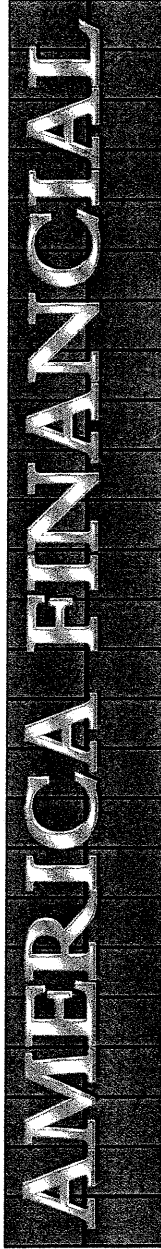
Leslie Lloyd,
BDA President

Signs 1

106'-10"



Option 1A: White Faces With Silver Trim Cap & Silver Returns.



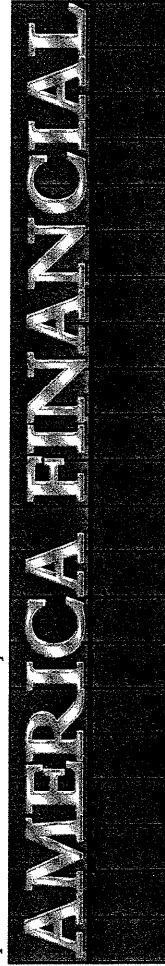
Option 1B: Silver Letters With Halo Illumination.

Signs 2

84'-5"



Option 2A: White Faces With Silver Trim Cap & Silver Returns.



Option 2B: Silver Letters With Halo Illumination.

PROOF
National Sign Corporation

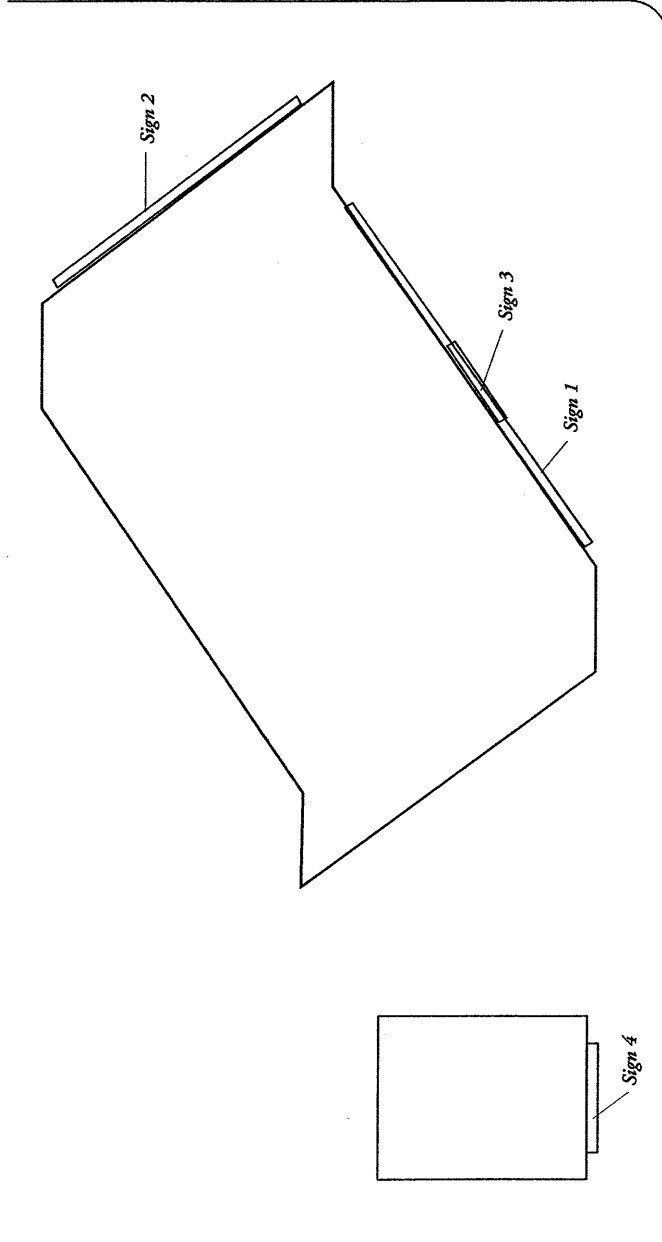
This Is An Original Unpublished Drawing, Created By National Sign Corporation. It Is Submitted For Your Personal Use In Connection With A Project Being Planned For You By National Sign Corporation. It Is Not To Be Shown To Anyone Outside Your Organization. Or To Be Used, Reproduced, Copied Or Exhibited In Any Fashion. Any Usage Beyond That Granted To Buyer Herein Shall Require The Separate Payment Of A Design And Engineering Fee To National Sign.

National Sign
1255 Westlake Avenue North Seattle, WA
Phone: 206 282 0700 Fax: 206 285 3091



America Financial	Tim Zambertin	04-	3/22" 1'-0"
Client:	Representative	Design No.	Scale:
Bellvue, WA	Brad McKay	6/3/04	7/16/04
Jobite:	Designer	Date	Revised

3-97



8th Ave. N.E.

108th N.E.



PROOF
National Sign Corporation

Sheet No. 7 of 7

This Is An Original Unpublished Drawing. Created By National Sign Corporation. It Is Submitted For Your Personal Use In Connection With A Project Being Planned For You By National Sign Corporation. It Is Not To Be Shown To Anyone Outside Your Organization, Or To Be Used, Reproduced, Copied Or Exhibited In Any Fashion. Any Usage Beyond That Granted To Buyer Herein Shall Require The Separate Payment Of A Design And Engineering Fee To National Sign.

America Financial
Client:
Bellevue, WA
JobSite:

Tim Zamberlin
Representative
Brad McKay
Designer

04-
Design No.
63304
Date

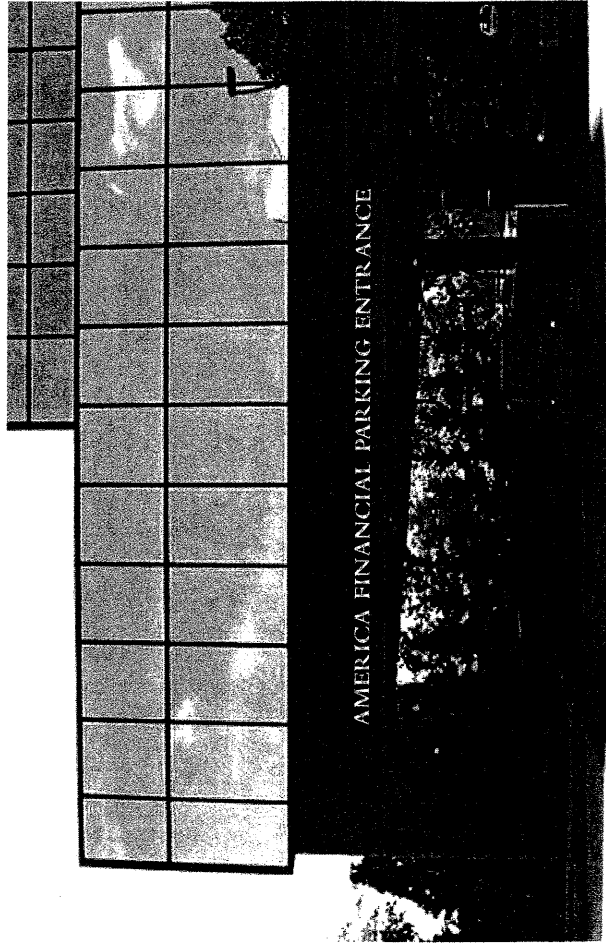
N.T.S.
Scale:
7/16/04
Revised

National Sign
1255 Westlake Avenue North Seattle, WA
Phone: 206 282 0700 Fax: 206 285 3091





Sign 3 Elevation



Sign 4 Elevation

3-98



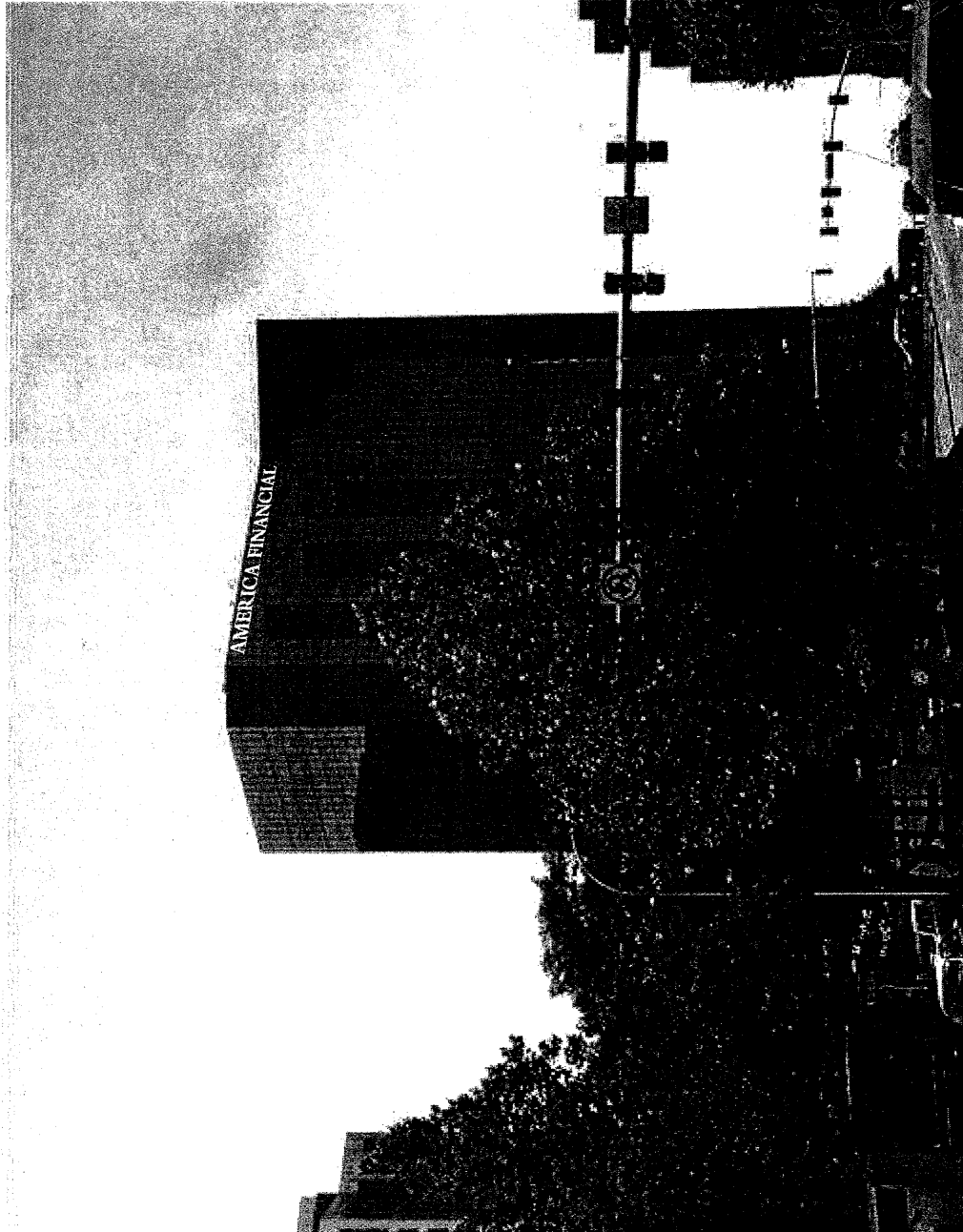
National Sign
1255 Westlake Avenue North Seattle, WA
Phone: 206 282 0700 Fax: 206 285 3091

America Financial
Client:
Bellevue, WA
Jobsite:

Tim Zamberlin
Representative
Brad McKay
Designer

04
Design No.
6/3/04
Date

N.T.S.
Scale:
7/16/04
Revised



Sign 1



National Sign
1255 Westlake Avenue North Seattle, WA
Phone: 206 282 0700 Fax: 206 282 3091

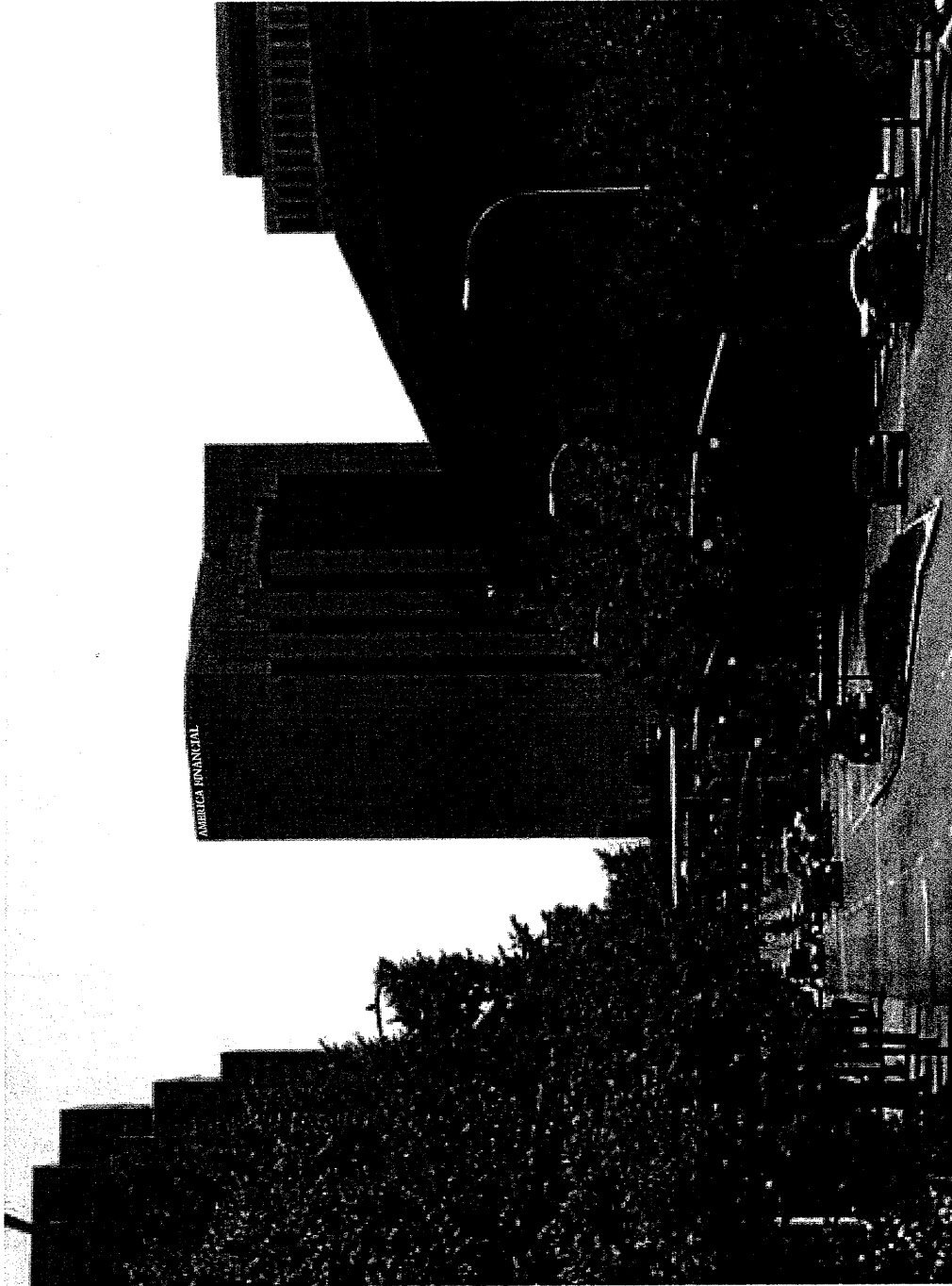
American Financial
Client:
Bellevue, WA
Job site:

Tim Zambertin
Representative
Brad McKay
Designer

04-
Design No.
6/3/04
Date

3/32" x 1'-0"
Scale:

Revised



Sign 2



National Sign
1255 Westlake Avenue North Seattle, WA
Phone: 206 282 0700 Fax: 206 285 3091

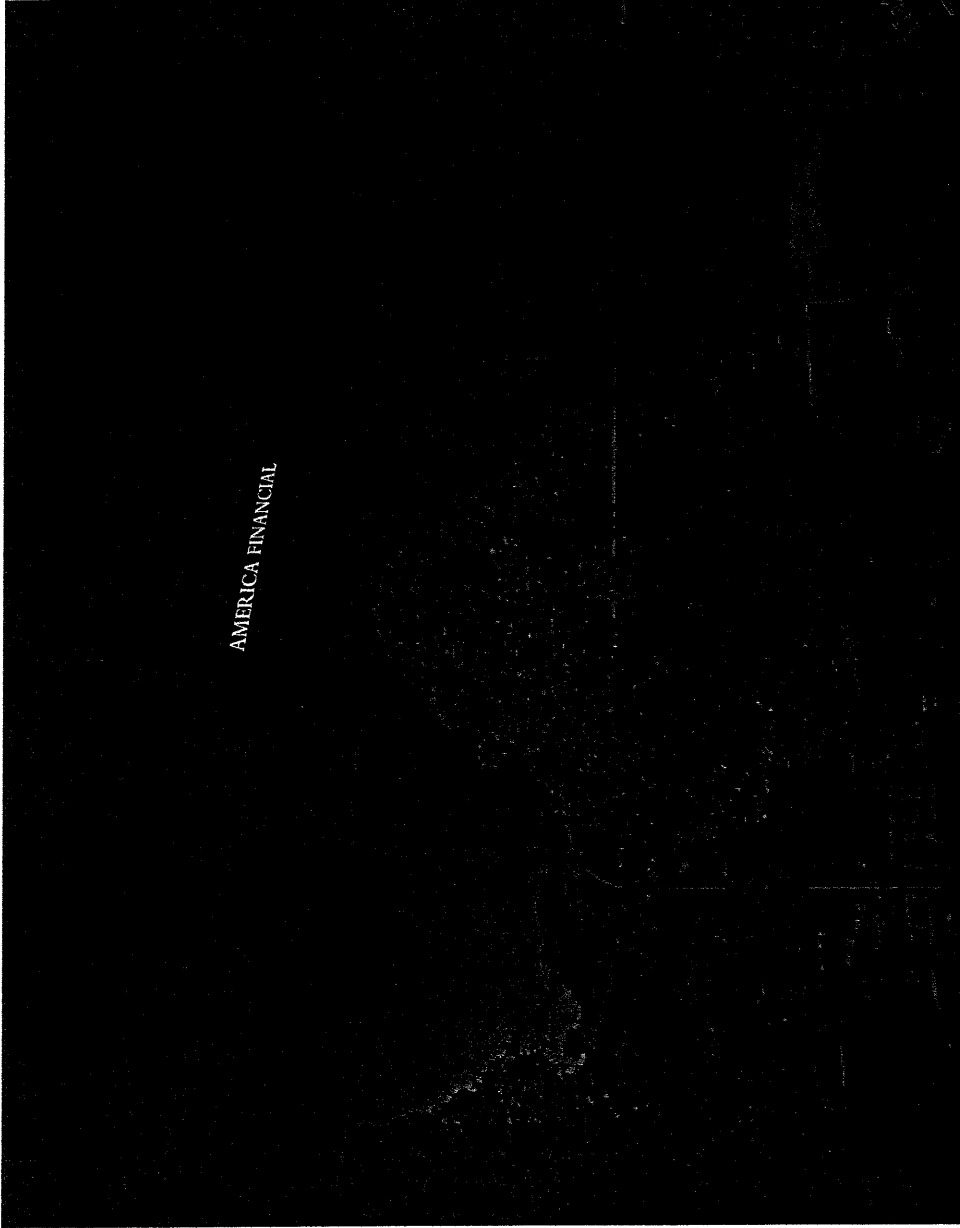
America Financial
Client:
Bellevue, WA
Jobite:

Tim Zambelin
Representative
Brad McKay
Designer

04-
Design No.
6/3/04
Date

N.T.S.
Scale:
Revised

PROOF
National Sign Corporation



AMERICA FINANCIAL

Sign 1A Night View

PROOF
National Sign Corporation

3-101



National Sign
1255 Westlake Avenue North Seattle, WA
Phone: 206 282 0700 Fax: 206 283 3091

American Financial
Client:
Bellevue, WA
Jobite:

Tim Zambertin
Representative
Brad McKay
Designer

04-
Design No.
6/3/04
Date

3/32" = 1'-0"
Scale:
Revised



AMERICA FINANCIAL

Sign 1B Night View

3-102

PROOF
National Sign Corporation



National Sign
1255 Westlake Avenue North Seattle, WA
Phone: 206 282 0700 Fax: 206 285 3091

America Financial
Client:
Bellevue, WA
Jobite:

Tim Zumbach
Representative
Brad McKay
Designer

04-
Design No.
6/3/04
Date

N.T.S.
Scale:
Revised

CITY OF BELLEVUE, WASHINGTON

ORDINANCE NO. _____

AN ORDINANCE amending the Bellevue City Code to allow signs at the upper levels of high-rise buildings downtown; amending Sections 22B.10.020, 22B.10.025 and 22B.10.030 of the Bellevue City Code; and establishing an effective date.

WHEREAS, the Comprehensive Plan of the City of Bellevue contains policies supportive of economic development and development of the downtown as an urban center; and

WHEREAS, the Comprehensive Plan of the City of Bellevue also contains policies discouraging the placement of signs at the upper levels of high-rise buildings and encouraging architecturally compatible sign design; and

WHEREAS, allowing signs for certain enterprises at the upper levels of high-rise buildings may attract new and vital businesses to locate or remain in the downtown; and

WHEREAS, with limitations on number and design, signs at the upper levels of high-rise buildings are consistent with all existing Comprehensive Plan policies;

WHEREAS, the City of Bellevue has complied with the State Environmental Policy Act (SEPA), Chapter 43.21C RCW, and the City's Environmental Procedures Code, BCC 22.02; now, therefore,

THE CITY COUNCIL OF THE CITY OF BELLEVUE, WASHINGTON, DOES ORDAIN AS FOLLOWS:

Section 1. The definition of "Freeway corridor" in Section 22B.10.020 of the Bellevue City Code is hereby amended as follows:

Freeway Corridor. A corridor paralleling each side of the freeway, with a width of 375 feet on each side of the freeway right of way. The freeway corridor does not include land within the boundaries of the downtown, as defined in the Land Use Code.

Section 2. Section 22B.10.025.B.2 of the Bellevue City Code is hereby amended as follows:

2. When Design Review Applies

- a. Upon adoption of this Code, no sign governed by this Code shall be erected, altered or relocated in any new building(s) or project(s), or on existing building(s) or project(s) located in a design district or originally approved through PUD or conditional use processes pursuant to the Land Use Code, without design review approval as described in this Section.
- b. Signs erected, altered or relocated within an existing building(s) or project(s) in existence prior to adoption of this Code outside of any design district and

originally approved through any permitting process under the Land Use Code other than through a PUD or conditional use process shall not be subject to the design review requirements of this Section, but shall comply with all other applicable provisions of this Sign Code.

- c. A property owner or his or her authorized agent may choose at any time to submit an application for design review for an existing building or project where a design review application has not previously been approved.

Section 3. Section 22B.10.025.E.1.d of the Bellevue City Code is hereby amended as follows:

- d. Signage is prohibited at the upper levels of high rise buildings, with exceptions for hotel/motel uses when the design is compatible with building architecture, and for enterprises occupying at least 200,000 net sq. ft. of building floor area as permitted by 22B.10.030.E.

Section 4. Section 22B.10.025.E.3.c of the Bellevue City Code is hereby amended as follows:

- c. Illumination, where permitted, shall be coordinated in multi-sign or multi-tenant buildings.

Section 5. Section 22B.10.025.E.3 of the Bellevue City Code is hereby amended by the addition of a new subsection (d) as follows:

- d. High rise signs (other than hotel/motel uses). Signs permitted at the upper levels of high rise buildings pursuant to Section 22B.10.030 shall comply with the following requirements:
 - i. Signs shall not be either externally or internally illuminated;
 - ii. Signs shall not project above the roofline, nor beyond the edge of any facade;
 - iii. Signs shall use lettering and graphic size no larger than 6 feet in height, except that logos and first-letter capitals may be up to 8 feet if consistent with applicable design criteria;
 - iv. Signs shall be placed on the façade generally centered between the nearest floor level below the sign and the nearest floor level above the sign, or the roof level if there is no floor level above the sign. If mounted at the uppermost floor level, the top of the sign shall not be closer than three feet from the top of the façade on which it is placed; and
 - vii. Signs shall be designed and located to preserve the integrity of the building roof form.

Section 6. Section 22B.10.030.A of the Bellevue Land Use Code is hereby amended as follows:

- A. **General** - The following provisions govern signs in the OLB, OLB-OS, CB, all Downtown, GC, LI and I districts, and may be modified through design review as described in Section 22B.10.025.

1. **Sign Scale.** Signs shall be scaled to the building to which the sign is related.
2. **Sign Allocation – Single Occupancy Buildings.** Any single occupancy building in the above districts shall be permitted the number of primary signs described in subsection C of this section. No more than one of the allowed primary signs may be a freestanding sign unless the single occupancy building faces on more than one street. If the single occupancy building faces on more than one street, see subsection D of this section to determine the number of allowed freestanding signs. No more than one of the allowed primary signs may be an upper level high rise sign.
3. **Sign Allocation – Multiple Occupancy Buildings:** Each enterprise with an exterior entrance in a multiple occupancy building in the above districts shall be permitted the number of primary signs described in subsection C of this section. No more than one freestanding sign is permitted per multiple occupancy building facing on only one street. If the multiple occupancy building faces on more than one street, see subsection D of this section to determine the number of allowed freestanding signs. No more than one upper level high rise sign is permitted per multiple occupancy building.
4. **Address Number.** Each enterprise shall display and maintain on premises street address number identification. Such identification shall not be included in the number of primary signs.
5. **Multiple Buildings on 15 Acres or More:** A multiple building complex encompassing at least 15 acres may display one complex identification sign along each right-of-way which provides direct access to the complex. Each sign shall not exceed 75 square feet in area and 15 feet in height.

Section 7. Section 22B.10.030.B.3 of the Bellevue Land Use Code is hereby amended as follows:

3. **Sign Area Limitations: Building mounted, upper-level high rise, roof or canopy-mounted signs.** The surface area of any building-mounted, upper-level high rise, roof or canopy-mounted signage shall not exceed the figures derived from the following schedule:

Relevant Surface Area or Facade Area As Determined Pursuant to Subsection 22B.10.020	Maximum Sign Surface Area for that Facade
Below 100 sq. ft.	26 sq. ft.
100 - 199 sq. ft.	26 sq. ft. + 11% of facade area over 100 sq. ft.
200 - 499 sq. ft.	38 sq. ft. + 12% of facade area over 200 sq. ft.
500 - 999 sq. ft.	75 sq. ft. + 11% of facade area over 500 sq. ft.
1,000 - 1,499 sq. ft.	131 sq. ft. + 7.5% of facade area over 1,000 sq. ft.
1,500 - 2,999 sq. ft.	169 sq. ft. + 2.5% of facade area over 1,500 sq. ft.
Over 3,000 sq. ft.	206 sq. ft. + 1.5% of facade area over 3,000 sq. ft. to a maximum of 300 sq. ft.

For other than upper-level high rise signs, in multiple occupancy buildings the facade area for each enterprise is derived by measuring only the surface area of the exterior facade of the premises actually used by the enterprise, and the sign displayed by the enterprise must be located on the facade used to determine the size of the sign, except as provided in this section. For upper-level high rise signs, the facade area for the enterprise entitled to the upper-level high rise sign is derived by measuring the surface area of the exterior facade on which the sign shall be located.

Un-used sign surface area for a facade may be used by any enterprise within the same multiple occupancy building, if:

- a. The applicant files with the City a written statement signed by the enterprise that earned the sign area under this code permitting the applicant to utilize the unused sign surface area.
- b. The display of a sign on that facade by the applicant will not create a significant adverse impact on other users of that facade.
- c. The display of the applicant's sign is necessary to reasonably identify the enterprise, and the provisions of this code do not provide the enterprise with adequate sign display options.
- d. In no event may sign surface area transferred under this provision be used for an upper-level high rise sign.

In no case may the maximum sign surface area or maximum number of signs permitted on a building facade be exceeded.

Section 8. Section 22B.10.030.B.4 of the Bellevue City Code is hereby

amended as follows:

4. **Sign Height: Building-mounted Signs.** No building-mounted sign shall be placed on the upper levels of a high rise building, installed on the rooftop or extend above the height of the building to which it is attached, provided that hotels and motels may have signs at upper levels of a high rise building, rooftop mounted signs, and signs extending above the height of the building, and further provided that signs complying with Section 22B.10.030.E may be placed at the upper levels of high rise buildings.

Section 9. Section 22B.10.030.C of the Bellevue City Code is hereby amended as follows:

C. **Number of Primary Signs.**

1. Calculation. The permissible number of signs for each single occupancy building is dependent upon the surface area of the largest single facade of the building. The permissible number of signs for each enterprise in a multiple occupancy building is dependent upon the surface area of the largest single façade of the portion of the building occupied by the enterprise applying for the sign permit. An enterprise in a multiple occupancy building must have an exterior entrance to be allowed primary signage pursuant to this section C, except as ~~otherwise provided in this section~~ subsections 2 and 3. The permitted number of signs is as follows:

Surface Area of Largest Facade	Maximum Number of Signs
Less than 999 sq. ft.	2
1,000 - 2,999 sq. ft.	3
3,000 sq. ft. and over	4

Buildings or enterprises with more than 3,000 square feet on any face, with several clearly differentiated departments, each with separate exterior entrances, are permitted one sign for each different department with a separate exterior entrance, in addition to the four allotted.

2. Transfer of Un-used Allotment. In multiple occupancy buildings, un-used primary sign allotment for one enterprise may be used by any enterprise within the same multiple occupancy building, if:

- 4a. The applicant files with the City a written statement signed by the enterprise that earned the primary sign under this code permitting the applicant to utilize the unused primary sign allotment.
- 2b. The display of a sign by the applicant will not create a significant adverse impact on the primary signs of other enterprises in the building.

3c. The display of the applicant's sign is necessary to reasonably identify the enterprise, and the provisions of this code do not provide the enterprise with adequate sign display options.

d. In no event may sign surface area transferred under this provision be used for an upper-level high rise sign.

3. Upper-level high-rise signs. An enterprise occupying at least 200,000 net square feet in a single high-rise building may utilize one of the primary signs earned under this section by the building in which such enterprise is located, regardless of whether such enterprise has an exterior entrance. Such signs must comply with section 22B.10.030.E.2.

In no case may the maximum sign surface area or maximum number of signs permitted on a building facade be exceeded.

Section 10. Section 22B.10.030.E of the Bellevue City Code is hereby amended as follows:

E. **Types of Placement of Primary Signs.** The permissible types of primary signs, their placement and other limitations are as follows:

1. **Freestanding Signs.**

- a. Freestanding signs shall be wholly located within the center two-thirds of the frontage of the property on the street or 15 feet from the adjacent property line, whichever provides the longer distance from the closest part of the sign to the adjacent property line; provided, however, that a freestanding sign may be located within five feet of the property line with the written consent of the title holder of the adjacent property. If such consent is obtained, the consenting party or his or her successors or assigns may not place a freestanding sign on his or her property within 20 feet of the first freestanding sign.
- b. A freestanding sign located at the property line shall be wholly behind the property line, and a freestanding sign located at the building line shall be wholly behind the building line.
- c. Any freestanding sign must be integrated. That is, all supports or sign elements shall be an integral part of the design. Auxiliary projections or attachments not a part of a single design are prohibited, unless approved through Design Review.
- d. Landscaping shall be provided at the base of all freestanding signs, as required by BCC 22B.10.140.F.

2. **Building-mounted Signs.**

- a. Signs shall not project more than five feet from the face of the building to which the sign is attached. However, an exception may be made for the main building sign or tenant sign if it meets the following criteria:
 - 1. The sign must be of a scale and orientation designed to address pedestrian or vehicular traffic; and
 - 2. The sign must not pose a traffic safety hazard; and
 - 3. The bottom of the sign must measure at least 8.5 feet from finish grade.
 - 4. For all signs, structural supports shall be compatible with the design or concealed from view.
- b. Building-mounted signs shall only identify the building and the name of the firm, or the major enterprise, and principal product and/or service information.
- c. Upper-level high rise signs. Building mounted signs may be located at the upper levels of high-rise buildings if they meet the following criteria, in addition to other applicable provisions of this Code:
 - 1. The sign is for a hotel/motel use and otherwise complies with all applicable provisions of this Code; or
 - 2. One upper-level high rise sign may be placed on any high-rise building within the downtown, provided:
 - i. Only a single enterprise that occupies at least 200,000 net sq. ft. of building floor area within the building on which the sign is mounted may place an upper-level high rise sign;
 - ii. Signs shall be limited to the name and/or logo of the enterprise placing the sign;
 - iii. Only one of the primary signs earned pursuant to Section 22B.10.030.C may be located at the upper level of a high-rise building;
 - iv. In no event may the sign area exceed 300 square feet;

- v. The sign area of the upper-level sign shall be included in determining compliance with the limits of Section 22B.10.030.B.3 for all signs on that façade;
- vi. The sign shall be located on the east or easternmost facing façade of the building; and
- vii. The sign shall comply with the requirements of Section 22B.10.025.

Upper level high rise signs shall be removed within 90 days after the enterprise ceases to occupy at least 200,000 net square feet in the high-rise building on which the sign is located.

3. **Roof and Canopy Signs.**

- a. All such signs must be manufactured in such a way that they appear as an architectural blade or penthouse and are finished in such a manner that the visual appearance from all sides is such that they appear to be a part of the building itself.
- b. All roof and canopy signs shall be installed or erected in such a manner that there shall be no visible angle iron support structure.

Section 11. This ordinance shall take effect and be in force thirty (30) days after adoption and legal publication.

PASSED by the City Council this _____ day of _____, 2004, and signed in authentication of its passage this _____ day of _____, 2004.

(SEAL)

Connie B. Marshall, Mayor

Approved as to form:

Lori M. Riordan, Acting City Attorney

Attest:

Myrna L. Basich, City Clerk

Published _____

CITY COUNCIL STUDY SESSION ITEM

SUBJECT

Presentation and discussion of ***Cultural Compass: A Strategic Vision for Arts and Culture***

STAFF CONTACT

Matthew Terry, 6191
Carla Weinheimer, 4114
Mary Pat Byrne, 4105

POLICY ISSUES

Addressing the community's cultural infrastructure is a Council priority. Two items within this priority are defining the City's role in promoting/sponsoring cultural arts and defining what actions would be necessary for Bellevue to become the center of cultural activity for a thriving Eastside (from Council Vision Statement.) To address these two items, City Council authorized the Arts Commission to conduct a community-based strategic visioning process which produced the ***Cultural Compass***.

DIRECTION NEEDED FROM COUNCIL

☐ Action
☒ Discussion
☒ Information

BACKGROUND/ANALYSIS

Introduction

Cultural Compass: A Strategic Vision for Arts and Culture is the culmination of a year's effort guided by a 31-member Steering Committee of Bellevue residents to create a vision and a strategy for achieving City Council's vision of Bellevue as the cultural center of a thriving Eastside. The process was facilitated by Wolf, Keens and Company, a firm with over 20 years experience in community cultural planning. Through focus groups, public forums, interviews and public meetings over 250 people, mostly Bellevue residents, participated in developing this strategic vision.

The report examines a broad range of aspects that make up Bellevue's cultural life, from the health of existing cultural organizations to the views of the business and philanthropic communities regarding Bellevue as a cultural hub. The analysis and community dialog process resulted in the development of eight strategic goals supported by 29 implementation strategies (see Attachment "A"). The ***Culture Compass*** findings describe opportunities

Bellevue can use to build a dynamic and unique approach to arts and culture in our community.

Process

This planning effort was authorized by Council as part of the 2003-2009 CIP. The Arts Commission developed a scope of work for the process and assisted staff in selecting Wolf Keens and Company from a group of 11 applicants nationwide. Council approved the contract.

The Arts Commission recruited a Steering Committee of 31 residents from neighborhoods throughout the city, and with backgrounds including arts, education, business, human services, humanities, and neighborhood leadership. The full Arts Commission was included as members of the Steering Committee.

Through group discussions with the Steering Committee, dozens of individual interviews of community leaders, and a day-long community forum, key issues and themes were identified. Appendix A in the final draft lists participants in the process. White papers were developed for each theme. The white papers, dubbed "Compass Papers" by the Steering Committee, were revised after the focus group discussions, and then a goal and supporting strategies were developed for each paper.

The final draft of this report has the approval of the Steering Committee and the Arts Commission. A timeline of the process is attached (Attachment "B").

The Vision for Arts and Culture in Bellevue

As a young city, Bellevue shows promise as a cultural center. A solid foundation of cultural activities is in place. But there is no clear vision on what our cultural sector should look like once it is "grown up." The **Cultural Compass** is designed to address not only what a culturally mature Bellevue would look like, but also how to get there. In the **Cultural Compass** report's Executive Summary (Attachment "A"), the section, "A Vision for Arts and Culture" details the picture of a culturally mature Bellevue in 2015. Overall, the picture is one of broad cultural activity.

- Families and friends throughout the region participate in arts and cultural activities in Bellevue at all levels – as consumers, students, makers and performers, professionally and avocationally.
- Businesses and cultural organizations partner inventively to improve the quality of life of both Bellevue residents and employees.
- Bellevue is a regional magnet for people seeking cultural leisure activities along with shopping and dining here.
- Bellevue is a national model of urban cultural cultivation for cities its size.

Key Findings, Goals and Strategies

Key Findings: Using individual interviews, small group meetings, and working with the Steering Committee, the consultants were able to make and subsequently test a set of observations on various aspects of Bellevue's cultural landscape. These observations came from a variety of sources as well as the consultants' own research and experience. In the sections in the executive summary attached, key findings are summarized under eight headings:

- Cultural Organizations and Artists;
- Cultural Economic and Business Development;
- Cultural Diversity;
- Cultural Education;
- Cultural Facilities;
- Public Art;
- Cultural Resources; and
- Administrative Infrastructure.

Goals and Strategies: The eight goals and 29 supporting strategies of the **Cultural Compass** address the full range of assets needed to build a thriving cultural ecology in Bellevue. Each goal and its supporting strategies address one of the themes listed above. In a table at the end of the attached executive summary the goals are arrayed with their respective strategies, priority rating and implementation partners. These goals and strategies are meant to be achieved by this community within the ten-year frame of this report.

Core Initiatives: Out of the goals and strategies four initiatives were developed. These describe opportunities and prerequisites unique to Bellevue -- opportunities that, if realized, will significantly advance Bellevue culturally; and prerequisites that are absolute necessities for us to progress.

The Opportunities:

- *Capitalizing on residents' appetites for learning and enthusiasm for "hands-on" experiences by broadening the range and availability of cultural education opportunities.* In Bellevue and on the Eastside, even during the most difficult months of the economic downturn, arts education organizations saw enrollments increase. Many examples of were found of a high level of "dedicated amateur" activity. This is a strength upon which we can build.
- *Establishing cultural districts linked to our major commercial districts.* The commercial vitality of our community and our distinctiveness from one area to the next give us the opportunity to establish three (to begin with) cultural districts, each with its own style and personality: the Downtown, the Factoria/Eastgate area and Crossroads.

The Prerequisites:

- *Building visibility, identity and capacity in the cultural sector.* Carrying the banner of the Eastside's cultural hub means our cultural organizations need to be healthy and

strong. Building cultural audiences requires keeping the cultural sector's visibility high and identity compelling.

- *Attracting and developing strong leadership.* Few, if any, of the strategies in this report will be implemented without strong leadership in both the public and private sector, staff capacity to coordinate implementation, and adequate funding, both public and private.

It is possible to build a number of initiatives from the goals and strategies. These four were called out as particularly significant. The core initiatives are detailed in the executive summary attached.

Key Issues for the City

The ***Cultural Compass*** identifies actions that all sectors of the community can undertake over a ten year period. This includes an expanded role for the City. In the ***Cultural Compass***, the City's current delivery system and approach to funding for supporting arts and culture is examined and found too limited for implementing the goals and strategies. The key question is what is the optimal structure and funding level to accomplish the key strategies outlined in the plan.

Developing a recommendation for the right delivery system and funding level for supporting arts and culture in Bellevue is vital and will take some time. In the meantime, in order to keep up the momentum that developing the ***Cultural Compass*** initiated, achieving early wins is critical.

Next Steps

The Arts Commission and staff will work together to identify which initiatives to pursue to achieve early wins using existing resources. In September we will return to discuss ways in which existing resources for Commission programs might be used to develop some of the priority initiatives recommended in the plan. In addition we will discuss ideas for initial implementation activities.

Direction on the larger question of delivery system and funding level for supporting arts and culture must come from City Council. The ***Cultural Compass*** calls for a six-month study period in which the City will explore options and report its findings to the community, providing direction on what kind of local arts agency and what level of funding to establish. Staff and the Arts Commission will begin work on this immediately, and we will report our findings to you towards the end of the year.

The ***Cultural Compass*** represents our community's first effort in over thirty years to set a course for Bellevue's cultural development. It is the community's response to Council's vision and priority of making Bellevue the cultural center of a thriving Eastside. It requires Council leadership, City investment and strong community partners for its success. We look forward to your reaction to the ideas in this report.

RECOMMENDATION

Because your Council meeting time is extremely limited prior to your August break, we plan on scheduling additional time for your review of this report in September. Following that review, we will seek your adoption of the Cultural Compass report and direction on early action items.

ATTACHMENTS

Attachment "A": Executive Summary

Attachment "B": Timeline

AVAILABLE IN COUNCIL OFFICE FOR REVIEW

Final Draft

Technical Volume

Last updated: 7/20/04 11:57:28 AM

Executive Summary

Introduction

Responding to Bellevue City Council's vision to establish Bellevue as the cultural hub of the Eastside, the Arts Commission requested and Council agreed to funding a city-wide strategic visioning process entitled "Cultural Compass: A Strategic Vision for Arts and Culture." In May, 2003, the City contracted with Wolf, Keens and Company to facilitate the process, provide their expertise, and write the plan. The mission statement for the process was: *"To develop an action-oriented, inclusive, consensus strategic vision for Bellevue's cultural development that realistically addresses the needs, interests, and priorities of all of Bellevue's residents."*

Among the tasks completed as part of the project were:

- Conducting a comprehensive **community cultural assessment**
- Facilitating a series of meetings with a 31-member **Steering Committee**
- Designing and conducting a "**Cultural Compass Forum**" attended by over 75 people
- Performing a **financial analysis** of Bellevue-based cultural organizations
- Compiling a **cultural organization and program inventory**.

Over the course of the past year, Cultural Compass has conducted numerous meetings and engaged hundreds of residents. Ideas, concerns, and priorities have been cycled through several review processes, focusing on the Steering Committee but engaging residents at many moments in the process.

Rationale for the Plan's Structure

In this plan, by culture we refer to the entire range of fine and traditional art forms, the humanities, as well as the history and heritage of this community and this region. We include the built environment, as well as the folkways and traditions of all of Bellevue's residents, long-time and newly arrived.

Bellevue is just fifty years old. It is still inventing itself. While much of the ground work is laid – a transportation grid and a role as a commercial center for the Eastside for just two examples – there is still much to be worked out. The role of arts and culture in Bellevue is one such area and it is a priority, according to Bellevue's City Council and the many residents contacted during this process.

The City has a strong foundation of cultural activities. Yet there is a lack of consensus about what the City should aspire to in the area of arts and culture. The Cultural Compass is designed to address that by describing what a more mature cultural sector would look like in ten years. This plan proposes, in short, what Bellevue's cultural sector should be when it grows up.

A Vision for Arts and Culture

By 2015, Bellevue's cultural sector will have reached adulthood. Some of its significant attributes are listed below.

- Residents of Bellevue take advantage of compelling arts and cultural opportunities on multiple levels of engagement as part of the fabric of their lives.
- Families and friends take advantage of cultural festivals and informal cultural activities on a regular basis.
- The business community works hand in hand with the cultural sector to enhance the quality of life experience for both Bellevue residents and employees.
- Arts and cultural organizations located in Bellevue are part of an active matrix of communication and coordination.
- The City of Bellevue is known nationally as a model of urban cultural cultivation for cities of its scale.
- Residents of the Eastside come to Bellevue for leisure and educational arts opportunities (festivals, major professional offerings, and classes)

often in conjunction with shopping or dining in Bellevue establishments.

Core Initiatives

The following four initiatives represent the core of the “big picture” synthesis of the consultants’ findings. They highlight the qualities and opportunities on which Bellevue can build a dynamic and unique approach to arts and culture. The four initiatives are:

1. **Bellevue offers extraordinary cultural participation and learning opportunities for people of all ages.** Bellevue prides itself on being an excellent place for families and children, in large part because of the range of educational activities available. Arts and culture are already a strong component in the appeal to families. Bellevue’s reputation can be enhanced further by building dynamic cultural opportunities for residents of all ages.

Examples of ways to achieve this that are included in this plan are:

- Provide “arts and cultural encounters” in cultural districts to encourage new experiences. (Strategies 2.2 and 4.2)
- Link Parks Department and other introductory arts programs to more advanced classes and opportunities to view professional cultural presentations. (Strategy 4.3)
- Build new alliances and communication between the Bellevue School District and cultural organizations that provide programs in schools. (Strategy 4.1)
- Expand audiences of residents and employees through new programs that bring arts and cultural experiences, discounted tickets, and exhibitions into the workplace. (Strategies 2.3 and 4.4)

2. **Distinctive cultural districts are linked to Bellevue’s bustling commercial districts.** Given Bellevue’s geographic location and its urban infrastructure, the City has emerged as a commercial and transportation hub for the Eastside. It is particularly well suited to serve as a center for arts and culture as well. Such a center can be built in synergetic relationship to the commercial retail sectors in the City by defining specific cultural districts that overlap with existing commercial

areas of the City. In addition, Bellevue's ethnic diversity, stronger than other Eastside communities, can be used as a distinct component in creating lively and interdependent cultural and commercial sectors.

Examples of ways to achieve this that are included in this plan are:

- Designate cultural districts in Bellevue's existing commercial areas to strengthen cultural amenities and social activities. (Strategies 2.1, 2.2)
- Develop year-round festival-type events and other programs to capitalize on the rich ethnic traditions of Bellevue's residents, focusing these programs in cultural districts (Strategy 3.1)
- Use public art and graphics to enhance the energy and visibility of cultural/commercial districts. (Strategies 6.3, 6.4)
- Introduce "cultural encounters" to make shopping or running errands in Bellevue's commercial areas a unique experience. (Strategy 4.2)

3. **Bellevue's maturing cultural sector builds its visibility, identity, and capacity.** As a City, Bellevue has begun to articulate a consistent and strong image for itself as a major urban center on the Eastside. The cultural sector is not as far along in that process. To develop and carry the banner as an Eastside cultural hub, Bellevue must ensure that Bellevue-based cultural organizations have the capacity to sustain their operations. Building cultural audiences is, in part, a function of developing and maintaining the cultural sector's visibility and identity.

Examples of ways to achieve this that are included in this plan are:

- Provide enhanced information about arts and culture to Eastside residents and visitors. (Strategy 1.2)
- Use arts and culture as incentives for locating and doing business in the City. (Strategies 2.1 and 1.3)
- Promote the cultural expressions of various ethnic groups in Bellevue. (Strategies 2.2, 3.2, and 3.3)

- Foster alliances, collaboration, and training among Bellevue cultural entities to build their capacity. (Strategies 1.1 and 7.5)
4. **Bellevue develops and attracts strong leadership in support of its cultural sector's infrastructure and funding.** Bellevue is a young city. While its residents have interest in and commitment to arts and culture, the necessary underpinnings of a vibrant cultural sector are not yet fully in place. This plan outlines what is needed in great detail. Few of the strategies in this plan are likely to be implemented without the active cultivation of three key ingredients: **leadership** in support of cultural priorities, City of Bellevue **staff capacity** to coordinate the implementation of planning initiatives, and adequate **funding** from both the public and private sectors. The plan addresses these concerns forcefully.

Examples of ways to achieve this that are included in this plan are:

- Build the City's leadership role in the implementation of this plan through coordination, alliance development, and policy direction. (Strategies 1.4 and 7.1)
- Employ appropriate community mechanisms and guidelines for setting public priorities for arts and cultural development. (Strategies 2.1, 5.2, 6.4, and 7.2)
- Provide an appropriate city administrative structure, adequate staff, and appropriate funding levels to implement plan priorities. (Strategies 7.3, 7.4, and 8.1)

Key Findings

Using individual interviews, small group meetings, and working with the Steering Committee, the consultants were able to make and subsequently test a set of observations on various aspects of Bellevue's cultural landscape. Many of these observations came from a variety of sources as well as the consultants' own research. The vision and core initiatives described above are a synthesis of those processes. In the sections below, important findings are summarized under eight headings – cultural organizations and artists; cultural economic and business development; cultural diversity; cultural education; cultural facilities; public art; cultural resources; and administrative infrastructure.

Cultural Organizations and Artists

Bellevue's cultural sector has a preponderance of small-budget organizations and that translates to a heavier reliance on volunteers and less well-developed management systems. There is a strong component of organizations with an educational orientation, which is not surprising considering the value placed on cultural education and participation in Bellevue.

There is room for growth in the number of cultural organizations that Bellevue can support, as long as that growth is grounded in a growing audience and focuses on programs that fill specific niches. Bellevue's cultural groups fit within a complex ecology on the Eastside and in Seattle and they cannot be evaluated in isolation from these other organizations. Indeed, regional organizations such as the Eastside Arts Coalition and Standing Ovation represent important assets that Bellevue can support and enhance.

Available evidence suggests that the artist population of Bellevue is dominated by avocational artists with relatively few professional artists. Given the cost of studio or rehearsal space in Bellevue, this is not surprising. Issues of concern for artists – whether professional or avocational – include finding performance and exhibition opportunities, sharing information, creating congenial meeting places and, for professional artists, making a living.

Cultural Economic and Business Development

For many non-residents, Bellevue is stereotyped as a fast-growth edge city with a predominance of malls and office towers. Those who know Bellevue understand that those are elements of the City but that there is much more than that: Bellevue has dynamic diversity in its population and in the types of businesses within its City boundaries, as well as enviably high standards of civic amenities including education and parks. The task is to define Bellevue's acknowledged strengths - including its commercial hubs - as components in building a unique mix of cultural amenities for the City.

Indeed, one of the key themes that has emerged in this process is the importance of linking cultural events and activities to the various commercial areas of Bellevue. Key among these are Downtown, Crossroads, and the Factoria-Eastgate corridor. This approach can

accommodate a broad range of artistic and cultural programs, from sophisticated offerings featuring regionally and nationally recognized artists to presentations such as school performances celebrating the accomplishments of local and non-professional groups.

As the City has emerged as the commercial center of the Eastside, many in City government envision Bellevue as the “cultural hub of the Eastside.” This points to a key role imagined for the arts and culture in invigorating and enlivening the City. Yet the task is broader than just Downtown – it must address all three commercial areas because they form a geographically significant framework in which development needs to be focused.

Many people have mentioned an interest in developing an active nightlife in Downtown to extend the area’s appeal beyond working, shopping, and increased dining. By establishing the Downtown as Bellevue’s primary destination for a range of night time entertainment, the City’s ability to attract audiences will be enhanced. This will require careful thought as to the types of programs, facilities, and incentives that may be required to attract and retain such entertainment businesses since currently Bellevue is seen as more of a “happy hour” rather than “after hours” community.

Cultural Diversity

The increased ethnic diversity of the Eastside and Bellevue is one of the most significant and defining changes in Bellevue in the past ten years. Indeed, data show that Bellevue has a higher percentage of foreign-born residents than King County as a whole, the majority of whom are from Asian countries.

The question of how to address Bellevue’s cultural diversity is a complex one. Some residents believe that understanding of this new diversity is weak in Bellevue, especially in the corporate sector. Others commented on an emerging dichotomy relative to Bellevue: most multi-cultural or ethnically specific cultural activities are seen as happening in the Crossroads area, or in faith-based locations, while “high end” and more conventional cultural fare is centered in the Downtown.

While there are potentially divisive issues implicit in these comments, many people perceive cultural diversity as an important asset for Bellevue in the 21st century. They see the ability to celebrate these differences, especially through the arts and heritage, as an important way to ensure

the successful future of Bellevue. Diversity is also seen by many as an important link between economic and cultural vitality. Ethnic and cultural retail enterprises are thriving at Crossroads Shopping Center, for example, and represent a way in which diversity serves to foster economic development.

It is important in any cultural development planning process to address how new audiences will be identified and engaged. Understanding the programming interests and priorities of Bellevue's newer immigrant and relocated populations will be critical to the success of these efforts.

Cultural Education

One of the key attributes of communities that focus on participatory cultural experiences, as Bellevue does, is the high value placed on arts and cultural education. There is broad interest in encouraging children and youth to experience arts and culture in hands-on settings. Family and intergenerational cultural participation is also highly valued, whether in a workshop, festival, or performance setting.

The City's public schools offer a wide range of arts classes, compared to many other communities. Many classes and other opportunities for young people are also available outside the school setting and are seen as important community assets. Community-based programs such as choirs and Parks Department programs are augmented by Art-Zones, the Bellevue Community College's Continuing Education program.

While there is some collaboration and partnering between organizations that currently offer cultural activities, interviewees noted that there remain untapped opportunities for increased communication or relationships. There may be roles for the civic, business and education sectors to work together more effectively. The question of affordability is often a concern and must be kept in mind when encouraging children or adults to explore new cultural experiences.

Both formal classes and informal encounters or activities are seen as being important components of cultural education and participation for all ages, and may occur in a variety of settings including classrooms, places of worship, homes, commercial settings or the parks. Festivals and fairs are considered important gateways to cultural participation with hands-on activities and low-risk opportunities to explore cultural activities in a social setting.

Arts and culture are also widely seen as important for preserving and sharing cultural traditions that reflect the growing ethnic diversity of Bellevue. Cultural education is one way to assure that individuals retain connection to their heritage, and also to expand understanding and celebration throughout the community.

Cultural Facilities

Just as artists and cultural organizations are the cornerstone of the cultural sector, adequate and appropriate facilities are the keystone: without a mix of performance, rehearsal, exhibition, and other spaces, Bellevue's cultural sector will be hard-pressed to reach its full potential. The mix of cultural facilities in Bellevue – and indeed on the Eastside more generally – has developed based on cultural facility planning work conducted in 1989 that indicated that most Eastside communities could individually sustain 100-150-seat “black box” spaces and somewhat larger 400-500-seat facilities. That process also proposed a larger, approximately 2,000-seat facility in the Bellevue area. In 2003, based on the findings of a Citizens Advisory Committee, City Council affirmed the desirability of having a large performing arts center in Bellevue and endorsed the Performing Arts Center, Eastside (PACE) project as the means of developing one

Since the 1970s, performing and visual arts organizations in Bellevue and the Eastside have matured and developed stronger audiences from a greatly increased population base. Thus, in the performing arts, the need for fully-equipped mid-sized (from 750- to 1,200-seat capacity) venues is greater than ever. And there are very few of the smaller scale black box venues that would provide some relief from the heavily scheduled 400-seat spaces.

The situation is quite similar for the visual arts. With the exception of the Bellevue Art Museum's professional caliber exhibition spaces, there is only a limited amount of gallery space or non-traditional exhibition space available in various malls, businesses, and public buildings. The need among visual artists and visual arts organizations for studio, exhibition, storage, and office space parallels that of performing artists and organizations.

In other, older cities many facility needs might be satisfied in low-cost, vacant space in old warehouses or lower quality office facilities. But

because Bellevue is a relatively new city, it does not have the inventory of older buildings that might be inexpensively used by cultural organizations for some or all of their activities. Looking at the building stock available in the City, it makes sense to explore options in various malls and other commercial venues, looking at spaces that are not purpose-built for arts and cultural usage but might be retrofitted for such activities.

Yet the capital costs of facilities are high and the risks of miscalculation of regional audience demand are grave. For that reason, several keystone principles should underlie the City's approach to cultural facility development in Bellevue over the next ten years:

- Coordinate cultural facility development regionally so that audience potential is carefully calibrated and overlapping or competing initiatives are avoided.
- Develop a set of consistent guidelines to evaluate potential cultural facility projects so that support is provided for initiatives that move forward the goals of this planning process.
- Provide incentives to private sector developers that add cultural amenities to their projects or use the City's bonding authority to underwrite the costs of capital construction.

Public Art

Public art projects in Bellevue to date range from permanently installed individual works such as *Salmon Woman and Raven* by Tom Jay, to integrated landscape or architectural elements such as *Double Inquiry* by Larry Kirkland and the Newport Retaining Wall by Vicki Scuri. The biennial Bellevue Sculpture Exhibition is also a project of the City's Public Art Program.

Bellevue's Public Art Program has not yet attained high visibility among Bellevue residents. Indeed, few people interviewed for this planning process made reference to the program, either positively or negatively. So while the program has been on-going for some years, it has not had the impact anticipated by the Arts Commission.

There are some clear opportunities for strengthening the existing foundation of the Public Art Program. Chief among these is the need to align and focus the vision for the program with the larger vision and direction of the cultural plan itself. This suggests developing processes that effectively engage more elements of the community in various stages

of the program, from involvement in art selection to the development of related community programs. Involving artists – both local and of regional and national renown – in planning, selection, and programs is likely to strengthen outcomes. Public art projects should be located primarily in geographic areas identified as zones of cultural activity where they can reinforce the density of cultural engagement.

Cultural Resources

Bellevue's aspiration to become the cultural hub of the Eastside is an ambitious one. To realize it will require significant investments from a wide range of sources. The necessary support can be likened to a "three-legged stool," which includes:

1. Increased earned income as well as partnerships and collaborations to enhance efficient operations by cultural organizations
2. Stronger financial and administrative support from the City of Bellevue
3. Increased private sector support and engagement.

It is clear that additional public sector resources are central to the growth and development of Bellevue's cultural sector. In many communities, a municipality plays the central role in "priming the pump" for cultural development by providing capital funds for facilities, or covering on-going facilities costs, or by granting operating support to established cultural organizations. The City has already acknowledged the value of a role for arts and culture in its vision for Downtown (as articulated in the 2003 Downtown Plan Report) and in the City as a whole. The issue today is less "whether" to invest in the arts and culture but "how."

Tax incentives to cultural businesses, special cultural or entertainment districts, trade-offs for developers that include cultural amenities, user fees – all of these mechanisms provide opportunities. But this plan goes beyond advocacy for more dollars to focusing on specific, and innovative, ways in which public sector resources can most effectively be mobilized in support of arts and culture.

Engaging the private sector – individuals and businesses – may prove more challenging than the public sector. There appears to be a less complete understanding of the resources and level of effort that will be required to implement the vision for arts and culture in Bellevue within the private sector. The case must be made that supporting Bellevue's cultural

development is necessary for keeping the Seattle and the region's "cultural ecology" strong

It will also be important to work with the charitable giving programs of ArtsFund, and Standing Ovation on the Eastside, to maximize and build a "culture of giving for culture" in Bellevue and the Eastside.

Administrative Infrastructure

The prior section emphasizes the need for the cultural sector to capture additional resources, primarily dollars and leadership. Another critical need for growing Bellevue's cultural sector is improving the structures and systems that provide a range of "umbrella" services to the cultural sector as a whole. This plan discusses building stronger ties to the community, marketing Bellevue's cultural sector, providing technical assistance to organizations, working with developers and schools, and coordinating the efforts of cultural groups, among many other tasks. How will this get done? What entity will oversee the implementation of this cultural plan?

Experience has shown that responsibility for these and other tasks must be vested in some specific entity or else they will get lost. City government has a history of providing some of these services in Bellevue, and such a role is common in communities throughout the country that have a strong and vibrant cultural life. The City of Bellevue is willing to take on a larger role. Bellevue is also fortunate to have a private sector with a growing interest in supporting arts and culture. These combined interests signal an opportunity to consider a range of models for moving the plan forward. Whatever option City Council selects, it is critical that the entity provide a robust framework for implementing the plan if the cultural sector is to thrive and mature.

Bellevue's current level of arts and cultural organizational infrastructure and staffing resources are inadequate to meet existing commitments and will not permit significant efforts to implement this cultural plan. Indeed, the aspirations of Bellevue to strengthen its cultural sector require supplementing the single staff person devoted to this area in its Department of Planning & Community Development with additional staff and other resources. This suggests establishing a formal "local arts agency" structure to coordinate and facilitate cultural development, a common structure in cities of Bellevue's size. It also suggests a restructuring of the make-up and/or the mandate of the Bellevue Arts

Commission so that the broader mission embodied in this plan becomes its purview.

Goals and Strategies

GOAL 1. Strengthen Bellevue's arts and cultural organizations and opportunities for artists, both professional and avocational.

- **Strategy 1.1.** Evaluate, inventory, and strengthen technical assistance and capacity building programs to support Bellevue-based cultural organizations and artists.
- **Strategy 1.2.** Raise the region's awareness of Bellevue's arts and culture, using pooled services for joint event calendars, both print and web-based, and other mechanisms.
- **Strategy 1.3.** Develop a program of rental subsidies and other incentives for cultural organizations and artists' workspace based in Bellevue.
- **Strategy 1.4.** Expand and solidify the City's role as a convenor and facilitator of cultural organizations and artists and other sectors of the community.

GOAL 2. Employ Bellevue's arts and cultural assets to further the City's economic development priorities.

- **Strategy 2.1.** Strengthen and expand the City of Bellevue's land use and development incentives and other mechanisms in support of cultural uses and amenities as articulated in this cultural plan.
- **Strategy 2.2.** Develop distinct and differentiated "arts, culture, and entertainment (ACE) areas" in Bellevue's Downtown, Crossroads, the Factoria-Eastgate corridor, and other areas of the City.
- **Strategy 2.3.** Identify and strengthen mutually beneficial activities between Bellevue businesses and cultural groups.
- **Strategy 2.4.** Establish and promote workplace benefits that offer employees of Bellevue-based businesses opportunities for discounts or access to classes and other programs offered by Bellevue cultural organizations.

GOAL 3. Promote the arts and cultural traditions of Bellevue's increasingly diverse population to distinguish and enrich civic life.

- **Strategy 3.1.** Build a strong and vibrant series of ethnic and cultural heritage festivals and celebrations.

- **Strategy 3.2.** Use the cultural expressions of various ethnic groups to develop presentations for public schools and other venues.
- **Strategy 3.3.** Devise more effective ways to build culturally diverse audiences and enhance communication with ethnically specific populations.

GOAL 4. Foster a unique, learning-oriented cultural environment in Bellevue for people of all ages.

- **Strategy 4.1.** Develop mechanisms to improve communication, cooperation, and planning among arts and cultural groups, the Bellevue School District, Bellevue Community College, and others as a way to improve service delivery.
- **Strategy 4.2.** Develop programs of “arts and cultural learning encounters” in shopping centers, workplaces, and other non-traditional venues to foster cultural participation and allow for observation of the creative process.
- **Strategy 4.3.** Strengthen the range of affordable, publicly accessible cultural education programs in Bellevue in a wide range of disciplines.
- **Strategy 4.4.** Design a City-wide exhibition and performance program that highlights formal and informal arts and cultural activities of Bellevue residents and employees of Eastside businesses.

GOAL 5. Develop a mix of flexibly designed, quality visual and performing arts spaces to serve Bellevue and Eastside organizations, artists, and residents.

- **Strategy 5.1.** Update the inventory of existing cultural facilities in Bellevue to include spaces suitable for cultural purposes and provide better coordination of their usage.
- **Strategy 5.2.** Establish guidelines for cultural facility development in Bellevue, based on the priorities of this cultural plan, by which proposals can be reviewed and chosen for City support and/or incentives.
- **Strategy 5.3.** Evaluate workshop, storage, rehearsal, and other spaces for working artists and cultural organizations in the City’s light industrial district.
- **Strategy 5.4.** Continue to work with the Bellevue School District to establish joint use arrangements between schools and community users for specific school spaces.

GOAL 6. Strengthen and expand Bellevue's Public Art Program.

- **Strategy 6.1.** Address key structural and policy issues that relate to the existing Public Art Program.
- **Strategy 6.2.** Expand efforts to engage and educate Bellevue's residents more effectively about public art.
- **Strategy 6.3.** Develop approaches and plans for Bellevue's Public Art Program that will guide implementation of its mission in coordination with this cultural plan.
- **Strategy 6.4.** Establish an initiative that encourages the integration of public art into private developments.

GOAL 7. Develop a mix of stable and sustainable public and private sector funding and support mechanisms to strengthen Bellevue's arts and cultural sector.

- **Strategy 7.1.** Confirm and build the City's leadership role in supporting arts and culture.
- **Strategy 7.2.** Convene a task force of business and community leaders to encourage private sector investment (through cash and in-kind contributions as well as participation on boards, etc.) in Bellevue cultural activities and organizations.
- **Strategy 7.3.** Enhance City funding for arts and cultural organizations by exploring a range of municipal funding mechanisms.
- **Strategy 7.4.** Explore a "round-up" funding program that allows residents to round up their tax and/or utility bills to support a special fund for arts and culture.
- **Strategy 7.5.** Improve the fund-raising skills, strengthen earned income capacity, and explore options for cost reductions through shared services among cultural organizations.

GOAL 8. Establish or refine City of Bellevue and community structures and systems to assist in the delivery of the range of cultural initiatives outlined in this Plan.

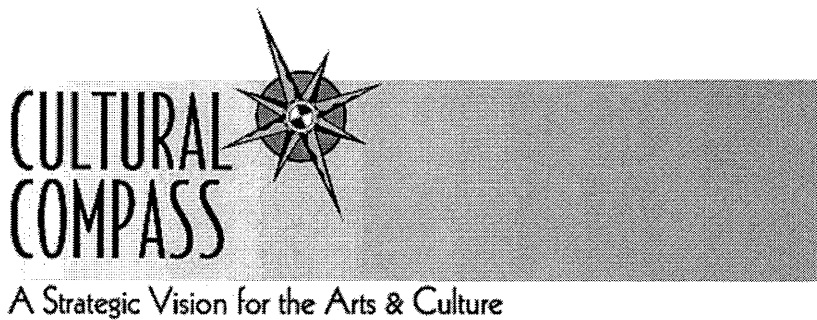
- **Strategy 8.1.** Establish a discrete administrative entity that has primary responsibility for coordinating the implementation of this cultural plan and other culturally-oriented tasks.

The chart below provides additional information about the plan's strategies, including their priority and potential implementation partners.

	Description	General Priority	Implementation Partners
GOAL 1: Organizations and Artists Strengthen Bellevue's arts and cultural organizations and opportunities for artists, both professional and avocational.			
1.1	Evaluate and strengthen technical assistance and capacity building	Very high	All technical assistance service providers, City of Bellevue arts and cultural staff as well as appropriate Parks & Community Services Departmental staff, Bellevue Library, Eastside Arts Coalition, Eastside Heritage Center, regional businesses.
1.2	Raise the region's awareness of Bellevue's arts and culture	High	City, Chamber, representatives of shopping centers, cultural organizations, local merchants
1.3	Develop a program of rental subsidies and other benefits for cultural organizations and artists	High	City, cultural organizations, developers, facility managers, regional cultural organizations.
1.4	Expand and solidify the City's role as a convenor and facilitator	High	City, cultural organizations, artists, volunteers
GOAL 2: Cultural Economic and Business Development Employ Bellevue's arts and cultural assets to further the City's economic development priorities.			
2.1	Strengthen and expand the City of Bellevue's land use and development incentives and other mechanisms	Very high	City planning and other officials, representatives of developers and other commercial entities, cultural organizations.
2.2	Develop distinct and differentiated "arts, culture, and entertainment (ACE) areas"	High	City departments including Planning & Community Development and others
2.3	Identify and strengthen mutually beneficial activities between Bellevue businesses and cultural groups	High	BDA, Chamber of Commerce, representatives of mall management, cultural organizations, minority and ethnic business associations.
2.4	Establish and promote workplace benefits	Moderate	City, BCC, BDA, business and civic leaders, Eastside Arts Coalition, 4Culture, KCLS, Eastside Heritage Center, cultural organizations.
GOAL 3: Cultural Diversity Promote the arts and cultural traditions of Bellevue's increasingly diverse population to distinguish and enrich civic life.			
3.1	Build a strong and vibrant series of ethnic and cultural heritage festivals and celebrations	High	City, shopping center operators, BDA, sponsors of existing ethnic and other festivals, Chinese opera programs at Meydenbauer, language and culture programs, church festival groups, Eastside Latino Leadership Forum's Committee for Cultural Planning, Institute for Community Involvement, Eastside Asian Pacific Islander Association

	Description	General Priority	Implementation Partners
3.2	Use the cultural expressions of various ethnic groups to develop presentations for public schools and other venues.	Moderate	City, Eastside Heritage Center, Bellevue School District, other ethnic organizations, cultural organizations
3.3	Devise more effective ways to build culturally diverse audiences and enhance communication with ethnically specific populations.	High	City, representatives of local and regional media, representatives of ethnic communities, public schools, cultural organizations
GOAL 4: Cultural Education Foster a unique, learning-oriented cultural environment in Bellevue for people of all ages.			
4.1	Develop mechanisms to improve communication, cooperation, and planning among arts and cultural groups, the Bellevue School District, Bellevue Community College, and others	Very high	City, BSD, cultural organizations, educators, heritage and ethnic organizations.
4.2	Develop programs of "arts and cultural learning encounters" in shopping centers, workplaces, and other non-traditional venues	High	City, cultural organizations, artists, shopping center management, corporations.
4.3	Strengthen the range of affordable, publicly accessible cultural education programs	Moderate	City Department of Parks & Community Services, cultural organizations, BSD
4.4	Highlight formal and informal arts and cultural activities of residents and employees of Eastside businesses	Moderate	City, BDA, corporate leaders, cultural organizations, artists
GOAL 5: Cultural Facilities Develop a mix of flexibly designed, quality visual and performing arts spaces to serve Bellevue and Eastside organizations, artists, and residents.			
5.1	Update the inventory of existing cultural facilities in Bellevue	High	City, developers, real estate brokers, cultural organizations
5.2	Establish guidelines for cultural facility development in Bellevue	High	City, cultural organizations, cultural facility owners and managers
5.3	Evaluate workshop, storage, rehearsal, and other facilities for working artists and cultural organizations	High	City, cultural organizations, artists, property owners and managers
5.4	Continue to work with the Bellevue School District to establish joint use arrangements	Moderate	BSD, cultural organizations, ethnic organizations, artists

	Description	General Priority	Implementation Partners
GOAL 6 Strengthen and expand Bellevue's Public Art Program.			
6.1	Address key structural and policy issues that relate to the existing Public Art Program.	Very high	City, interested community members, cultural professionals, artists
6.2	Expand efforts to engage educate residents more effectively about public art	High	City, Arts Commission, artists, BSD, Library, docents, targeted communities
6.3	Develop approaches and plans for Bellevue's Public Art Program that will guide implementation	High	City, 4Culture, other Public Art Programs, arts commissions, artists
6.4	Establish an initiative that encourages the integration of public art into private developments	Very high	City, developers and facility managers
GOAL 7 Develop a mix of stable and sustainable public and private sector funding and support mechanisms to strengthen Bellevue's arts and cultural sector.			
7.1	Confirm and build the City's leadership role in supporting arts and culture.	High	City departments and elected officials, cultural organizations
7.2	Convene leadership committee of business civic leaders	High	Cultural organizations, civic and business leadership
7.3	Enhance City funding for arts and cultural organizations by exploring municipal funding mechanisms.	Very high	City leadership, corporate leadership, cultural leadership, community leadership
7.4	Explore a "round-up" funding program	High	City, appropriate corporate sponsors (including utility, cable, and others that consistently bill for services)
7.5	Improve cultural organizations' fund-raising, earned income capacity, explore options for cost reductions	High	City, cultural organizations, technical service providers
GOAL 8 Establish or refine City of Bellevue and community structures and systems to assist in the delivery of the range of cultural initiatives outlined in this Plan..			
8.1	Establish a discrete administrative entity with primary responsibility for implementation	Very high	Appropriate City staff, elected officials, private sector



Timeline

2001

Council adopts vision statement: priority: Bellevue is the cultural and economic center of the Eastside

2002

At Arts Commission's request, Council includes in the CIP budget \$112,000 to fund developing a 10-year strategic plan to address this priority

Nov. 18	Commission presentation to Council
Dec. 9	Council vote

2003

May 19	<u>Council Approves Consultant Contract for \$112,000</u> 11 applicants from around the country 5 interviewed by a committee including staff and arts commissioners
May – June	<u>Steering Committee recruited by Arts Commission</u> – 34 members accept invitation. Letter of invitation co-signed by Arts Commission Chair and Mayor Marshall (liaison to arts commission)
June 24	<u>First Steering Committee meeting.</u> Mayor Marshall gives brief welcome and opening remarks
November 8	<u>Community Arts Forum</u> Approx. 75 attendees Councilmember Lee gives brief welcome and opening remarks (this was offered to all Council members and Councilmember Lee accepted)
June – Dec.	Steering Committee holds 4 public meetings Interactive online group forum established on Yahoo Five focus groups held Over 50 interviews conducted Approximately 175 people, primarily residents, involved in these activities

2004

Jan. – June	Steering Committee holds 4 public meetings Three focus groups held Approx. 10 interviews conducted Draft plan reviewed by staff
March – April	5 City Boards and Commissions briefed <ul style="list-style-type: none">■ Parks and Community Services■ Human Services■ Youth Link – both the board and student advisory group■ Transportation■ Planning
April 8	<u>Arts Commission breakfast for Eastside Arts Commissioners</u> Findings, goals and strategies presented and discussed Mayor Marshall gives welcome and introductory remarks
April 13	<u>Steering Committee lunch with Eastside Arts Organizations</u> Findings, goals and strategies presented and discussed Councilmember Lee gives brief welcome and opening remarks (this was offered to all Council members and Councilmember Lee accepted)
June 24	<u>Steering Committee Final Meeting</u> Final comments and votes to endorse the draft plan
July 13	<u>Arts Commission votes to endorse the plan</u>
July 26	<u>Council Study Session on Cultural Compass</u>
September 7	<u>Council discussion on using existing funds to initiate implementation</u>
September	<u>Council Action</u>

Estimated number of participants: 250; most live and/or work in Bellevue.

CITY COUNCIL AGENDA MEMORANDUM

SUBJECT

Conditional Use Permit (CUP) application of Michael's Toyota

FISCAL IMPACT

None of Record.

STAFF CONTACT

Wick Dufford, Hearing Examiner – 452-6935
Lori M. Riordan, Acting City Attorney – 452-6829
Myrna L. Basich, City Clerk – 452-2733

POLICY CONSIDERATION

Whether the record supports the Hearing Examiner's Decision and Recommendation that the application complies with the Bellevue City Code and applicable decision criteria for a Conditional Use Permit.

BACKGROUND

A Limited Public Appeal Hearing was conducted by the City Council on July 19, 2004. Following closure of the hearing, Council continued the matter to the July 26, 2004 Council meeting for discussion and decision.

This is a quasi-judicial matter in which the Council must act as judges and maintain fairness and impartiality. Council will be given an opportunity to disclose on the record any ex parte communications council members may have had with any of the parties to this appeal or others supporting or opposing the application. If any ex parte communications are to be disclosed, Councilmembers should be prepared to state the following on the record:

- Names of persons with whom the communication occurred,
- Whether the communication was written or oral
- The substance of the communication (if written, include emails or the written documents; if voicemail, include a transcript if one exists).

The other parties will have an opportunity to rebut the substance of the ex parte communications.

With regard to the decision to be made by Council, the appellants bear the burden of proof. The Council may grant the appeal or grant the appeal with modifications if the appellants have carried the burden of proof and the City Council finds that the decision of the Hearing Examiner is not supported by material and substantial evidence. In all other cases, the appeal shall be denied. The City Council shall accord substantial weight to the decision of the hearing examiner.

Evidence is material if there is a reasonable probability that, if appropriately considered by the fact-finder, the result of the proceeding would have been different. Evidence is substantial when there is a sufficient quantity of evidence to persuade a fair-minded person of the truth or correctness of the decision.

Following Council's decision, Staff will prepare legislation as directed and return at a subsequent meeting with an Ordinance for final action.

(For additional background information, please review the attached Hearing Examiner's Summary.)

OPTIONS

1. Grant the appeal and deny the application.
2. Deny the appeal, affirming the decision of the Hearing Examiner.
3. Remand the matter.

ATTACHMENTS

Hearing Examiner's Summary
Memorandum from Department of Planning and Community Development clarifying information related to the Traffic Analysis

AVAILABLE IN COUNCIL OFFICE

The Department (PCD) supporting files, Hearing Examiner Decision, Recommendation on Remand and Transcripts of Hearing Examiner and Council proceedings are available for review in the City Council Office, along with any large or original exhibits.

SUMMARY

The City Council is considering the appeal(s) of the Hearing Examiner's Decision concerning the application of **MICHAEL'S TOYOTA** for a Conditional Use Permit to establish an automobile dealership within the existing Sunset Village Shopping Center. The site is 3080 – 148th Avenue SE . The location is north of the I-90 Freeway and adjacent to Eastgate Way as it parallels the freeway. Until last summer, for around 40 years, the site was occupied by a Safeway grocery store.

The proposed dealership will occupy a 69,895 square foot area under roof, including a building addition of 10,483 square feet. In addition to the former Safeway space, the enterprise will occupy the former Joanne Fabric space and the space occupied presently by American Woman Fitness and Deseret Books. Except for Sunset Village Dry Cleaners, the rest of the present tenants will remain where they are (*e.g., Tully's Coffee, Overlake Medical Center, L'il John's restaurant, and the Sun Villa Lanes bowling alley*).

The applicant is separately requesting a short plat that will divide the owner's entire 20.83 acres into three commercial lots; shopping center, bowling alley and Chaplin's auto dealership. The instant application relates solely to the shopping center.

The plan for the new dealership involves creating sales, administration, and parts departments in the western half of the building space, and a service department with lifts and car bays in the eastern half. The basic contours of the old grocery store structure will remain the same. There will be no increase in elevation.

The auto display area will occupy a portion of the present parking lot between the main entrance to the building and SE Eastgate Way. New landscaping and internal walkways will connect to the public sidewalk along both SE Eastgate Way and 148th Avenue SE. The landscaping and walkways will separate the display area from public parking for other shopping center tenants. The parking for patrons of these other tenants will occupy a separate portion of the present shopping center parking lot.

1. BACKGROUND

The application was received on January 8, 2004 and deemed complete on January 20, 2004. Public notice of the application was made on January 22, 2004. A public meeting was held on February 24, 2004. A number of persons attended and spoke. In addition, a number of written comments were received during application processing.

The primary concerns of the public were (1) loss of the grocery store, American Woman Fitness and the dry cleaners; (2) increased traffic on local streets to other grocery stores; (3) storm water runoff will contaminate Lake Sammamish; (4) grand opening balloons may block views from uphill properties, and (5) Comprehensive Plan consistency. The staff responded to these concerns in its Staff Report.

A Determination of Non-Significance (DNS) under the State Environmental Policy Act (SEPA) was issued for the project on April 8, 2004. The DNS was not appealed. The hearing was noticed by the PCD to be held on April 22, 2004.

2. APPLICATION BEFORE EXAMINER

The public hearing before the Examiner was held, as noticed, on April 22, 2004 at 7:00 p.m. Carol Saari, Associate Planner, represented the Department of Planning and Community Development. The applicant was represented by Amy Kosterlitz Attorney at Law. Five witnesses testified on behalf of the applicant. In addition, a representative of the owners of the shopping center spoke.

There were nine speakers offering public testimony. Six of these were in opposition. One favored the application and the other two suggested conditions of approval. The arguments of the opponents emphasized matters previously raised in the permit process. On May 11, 2004, the Hearing Examiner issued Findings of Fact, Conclusions of Law and a Decision that the application be **APPROVED** subject to conditions.

Appeals from the decision of the Hearing Examiner were filed on May 25, 2004. Additional parties were forwarded the examiner's decision on May 27, 2004 and the appeal period as to these individuals was extended to June 10, 2004. On June 2, 2004, the City Attorney requested clarification of the appeals filed May 25, 2004, setting the deadline for clarification as June 14, 2004. As requested, the appellants clarified their appeals. No appeals were filed from the second mailing to the additional individuals.

3. SITE CHARACTERISTICS

The site is an existing one-story commercial development, Sunset Village shopping center, located on 20.58 acres. The center was built in 1963 under King County's regulations and annexed to the City in 1966. In 1968, the property was rezoned from the King County commercial zoning to the City's Community Business zoning district. There has been no change to the zoning designation since then.

The shopping center is located at the intersection of 148th Avenue SE and SE Eastgate Way with good freeway visibility and access to I-90. To the north of the shopping center is the LDS Church and Bellevue Community College, both with a "regional" draw of church members and students. To the south is SE Eastgate Way and the I-90 freeway corridor. To the west on the other side of 148th Avenue SE is a sports fitness center (Bally's), bank, office buildings, and farther to the west, the King County Health Department and the Eastgate Park & Ride. To the east are more commercial uses, including a motel, restaurant, McDonald's and 7-11. The closest single-family neighborhoods are Robinswood (1/2 mile to the north) and Spiritridge (2/3 mile to the east).

4. COMMENTS

There were nine speakers offering public testimony at the hearing before the Examiner.. Six of these were in opposition. One favored the application and the other two suggested conditions of approval. The arguments of the opponents emphasized matters previously raised in the permit process which included the following:

(1) loss of the grocery store, American Woman Fitness and the dry cleaners; (2) increased traffic on local streets to other grocery stores; (3) storm water runoff will contaminate Lake Sammamish; (4) grand opening balloons may block views from uphill properties, and (5) Comprehensive Plan consistency.

5. HEARING EXAMINER'S RECOMMENDATION

The Hearing Examiner recommends that the City Council **APPROVE** the application with conditions, which generally concurs with the recommendation of the DPCD. One condition was agreed to at the hearing, and the examiner concurred. The condition is Condition No. 13 as follows:

13. LDS Temple Compatibility:

The applicant shall comply with the provisions of the letter of understanding from Erik Paulson to Gordon Conger, dated April 22, 2004.



MANAGEMENT BRIEF

DATE: July 26, 2004

TO: Mayor Marshall, Members of the City Council

FROM: Kate Berens, Legal Planner,
Department of Planning & Community Development
Carol Saari, Associate Planner, PCD

SUBJECT: Michael's Toyota CUP Appeal -- Traffic Analysis Clarification

At a Limited Public Hearing on July 19, 2004, the Council heard an appeal of the Hearing Examiner's decision to approve the Michael's Toyota Conditional Use Permit proposal for retail auto sales at Sunset Village. Following arguments on the appeal, Councilman Chelminiak asked for clarification of information contained in the record relating to the number of employees at the site. Conflicting information is contained in the record; the environmental checklist indicates that the number of employees will be 85 (see p. 89 of Hearing Examiner's Report) while the staff report indicates that within 2 years the site will employ 157 employees (see p. 51 of Hearing Examiner's Report). According to Erik Paulson of Michael's Toyota, the information in the staff report is correct, as follows:

- Current number of employees at Michael's Toyota is 128 employees, all of which will go to the new Sunset Village location at once.
- Within two years, at the new Sunset Village location, Michael's Toyota expects to have 157 employees.

The number of employees, however, does not directly play into the traffic analysis prepared in the review of this application. Vehicular trip analysis is conducted by the City of Bellevue Transportation staff using the trip generation rates adopted by City Council, per Ordinance No. 5332. Most of these rates are based upon the square footage of the specified land use. A few rates use other physical characteristics, such as the number of screens in a movie theater. Rates are not based on number of employees, which is considered to be more changeable.

The City's traffic analysis is a worst case scenario review; that is, the number of trips expected during the busiest one-hour period during the p.m. peak period, between 4:00 p.m. and 6:00 p.m. This period is the time when the combination of site-generated traffic and traffic on the adjacent street is the highest.

The City's traffic analysis concluded that the Michael's Toyota proposal would lead to 54 fewer p.m. peak hour trips, as compared to the trip generation rates of a shopping center use, the category applicable to the previous uses (formerly grocery store, current American Woman Fitness).

Cc: Jennifer Robertson
Scott Robertson
Michael Alford
Sarah Mack

CITY COUNCIL STUDY SESSION ITEM

SUBJECT

Report of the Joint Feasibility Team on the Proposed Port of Seattle investment in Meydenbauer Expansion.

STAFF CONTACT

Matthew Terry, PCD Director

POLICY ISSUES

On a number of occasions over the last several years, the City Council has confirmed its intention to expand Meydenbauer Center. In April, 2004, the City Council approved a Memorandum of Understanding (MOU) with the Port of Seattle (Port). This MOU contemplates an investment in the Center's expansion by the Port, and initiated a feasibility study to determine whether the investment relationship contemplated by the MOU is feasible.

The first phase of the feasibility study has been completed (See Feasibility study, incorporated as a separate document).

DIRECTION NEEDED FROM COUNCIL

☐ Action
☒ Discussion
☐ Information

The Feasibility report concludes that expansion of the Center, funded by the City of Bellevue and the Port, is feasible and can be accomplished in a manner that meets the objectives of each jurisdiction. Staff seeks comment and feedback on the content of the report. Council action on the results of the feasibility study is scheduled for August 2, 2004.

BACKGROUND/ANALYSIS

The Bellevue Convention Center Authority ("BCCA") and the City of Bellevue ("City") developed the Meydenbauer Center approximately ten (10) years ago. The BCCA and the City consider the existing Center to be a successful and dynamic economic engine for the region. The existing Center has performed as well as, if not better than, comparably sized convention centers elsewhere in the United States. The BCCA and the City have concluded, however, that expansion of the Center will be necessary to ensure the Center's long-term viability as a key element and driver for economic development in East King County. The expanded Center will serve the meeting needs of local businesses, will attract convention visitors to the region, and will satisfy regional and national demand for larger convention and

meeting space. In addition, repositioning the Center as a trade center will expand the market for the Center, enabling it to enhance current efforts to promote jobs and trade in the region.

The City approached the Port and requested that the Port consider investing in the expansion of the Center. This request was made in recognition of the City's and the Port's mutual commitment to regional governmental collaboration and cooperation as well as their alignment in their commitment to regional economic development.

The Port plays an important role in the region by stimulating economic development through its investment in critical infrastructure such as the airport, the seaport, and the central waterfront projects, including the existing Bell Harbor International Conference Center and World Trade Center. The Port is interested in complementing its current World Trade Center vision and objectives, and enhancing convention, trade, and conference activities for King County businesses, thereby better stimulating economic growth in the region. The Port is interested in an Eastside investment that will help Eastside businesses perform more effectively on the global stage.

The BCCA, the City and the Port entered into a Memorandum of Understanding ("MOU") dated April 27, 2004 (Attachment 1) that established the initial assumptions and process for evaluating this potential joint investment in the expansion and repositioning of the Center. This Joint Feasibility Team Report documents the findings and recommendations of the Joint Feasibility Team (the "Feasibility team").

Feasibility Study

The goal of the first phase of the Feasibility study was to determine whether this joint Port/City investment makes sense for the city and the Port. Key elements of the work included identifying and confirming: (i) a program and design for the expansion of the Center, incorporating a significant trade component; (ii) an investment structure for the Port's investment; (iii) a governance model; (iv) operating principles, assumptions and strategies; and (v) the legal authority to proceed.

The findings are contained in the Feasibility Report and are summarized below:

- Program and Design - The current plan for the expanded Center anticipates adding approximately 281,000 square feet to the existing 330,500-square-foot Center. The expansion would include a new 24,000 square foot ballroom and related meeting rooms, a 24,900 square foot addition to the Exhibition Hall, 151,000 square feet of parking (approximately 327 stalls) and related support space. The expansion plan is based upon independent studies that identify the optimal size and services the Center needs in order to competitively meet local, regional and national market demand.

The Feasibility team and its consultants have concluded that the existing Center expansion program and design should be modified to include a "World Trade Center East" component. The World Trade Center East program should provide opportunities for businesses on the Eastside to network with each other to access trade networks from a facility specifically designed for this purpose, and to provide a business connection for Eastside businesses to services provided by Port (facilitated by a Port

trade advisor/liaison located in the Center). Development of a trade center component to the Center with upgraded facilities and a trade focus will add a facility that will support trade activity, position the Center to compete successfully for corporate meeting business, and add to the suite of venues now offered by the Center in meeting customer needs.

- Investment Structure and Financial analysis - The Team was charged with conducting financial analysis to confirm the financial feasibility of expanding and operating the Center, consistent with the BCCA, the City and the Port's interests and objectives. Clearly, the City/BCCA interests are met because the Port investment enables expansion of the Center to occur. The Port's interests are met because the investment return the Port can expect to receive meets its financial metrics, and the Port investment will generate an estimated direct and indirect economic benefit to King County in excess of \$50 million per year derived from economic activity associated with the Convention and Trade Center.

The Team has concluded that the Port's \$25 million equity investment can be structured under the following terms:

1. The Port invests \$25 million equity in 6/2008;
2. A 7.0% (or 150 basis points over the Port's rate on tax-exempt serial bonds at the time of the investment, whichever is greater) return on and return of \$25 million equity is projected within 30 years;
3. The Port's priority return paid in early years (2008-2012), after debt service, operating deficits and reserves of Center are paid, projected at: \$250,000 (1%)/year; after stabilization (2013-2024), projected at: \$750,000 (3%)/year [any priority return not paid each year accrued and compounded annually];
4. There will be a catch up on return on and of equity as soon as possible after 2024 (projected as fully achieved by 2030);
5. After the Port receives a full return on and of its equity, Port will retain a 25% equity interest in Center;
6. To retain flexibility to direct economic development infrastructure investment capital to alternative needs in the future, the Port may elect to sell its interest in the Center to the City at years 2025- 2027 and 2038-2040; the price would be a 7.0% return (or 150 basis points over the Port's rate on tax-exempt serial bonds at the time of the investment, whichever is greater) on and of equity plus the value of the Port's interest in the Center if TOT revenues are sufficient to refinance and the City's cost of funds is less than the Port's rate of return;
7. If the Port doesn't elect to sell its interest in years 2025-2027 and 2038-2040, in order to retain flexibility to restructure its economic development investments, the City has the option to purchase the Port's interest in 2025-2027 and 2038-2040; the price would be 7.5% return (or 200 basis points over the Port's rate on tax exempt serial bonds at the time of the investment, whichever is greater) on and of and on equity plus the value of Port's interest in the Center;
8. If either the Port sells its interest to the City under either scenario, WTC franchise will be terminated and the value of the Port's interest in the Center after the return on and of its equity will be 25% of 8 x Net Operations M&O Fund (column 8) (prior to capital transfers); and

9. The City will contractually commit 100% of TOT revenues and Center operating profits up until Port receives a full return on and of its equity. To ensure that the Port's return expectations are met, any major capital expenditure not funded in the Center's capital reserves would require approval by both the City and the Port.
- Governance - The Feasibility team was charged with evaluating the appropriate role for the Port in the governance of the Center and the governance structure for the management of the expanded and repositioned Convention and Trade Center. In recognition of its investment in the expansion plan, the Team recommends that the Port have the right to appoint two members to the seven-member PDA Board in order to represent the Port's interests in the ongoing governance of the Center. The Team further recommends that Board decisions continue to be made by majority vote. On key financial issues affecting the Port's return on investment, Board decisions should require a majority vote that includes a Port representative voting with the majority. Key financial issues should include:
 1. Adoption of the annual Center Finance Plan;
 2. Any amendments to the Center's charter or operating model; and
 3. Major capital improvements not contemplated by the Finance Plan.

In order to preserve the independent management of the public development authority, to protect against the extension of liability to the City or the Port, and to otherwise avoid conflicts of interest, it is critical for the City and the Port to govern the facility only through its appointed Board.

- Operations - The Team was charged with identifying the core principles, assumptions and strategies for the expanded Center's operations. The Team has concluded that there should be three core-operating **principles** for the expanded Convention and Trade Center program:
 1. The expanded Center should be operated and managed to meet or exceed the financial performance outlined in the Finance Plan developed to support expansion of the Center. The plan projects that earned income from the Center, coupled with the City's Transient Occupancy Tax proceeds, will be used by the Center to meet debt service payments, fully fund the operating costs of the Center, fund operating and capital reserves, and make payments to the Port to achieve its return expectations. These goals will be incorporated into an annual Finance Plan and be annually adopted by the reconstituted BCCA Board and the City of Bellevue. The annual Finance Plan will guide the day-to-day operations of the Center
 2. The annual Finance Plan should be structured to meet the Port's financial return expectations, and to the extent feasible, accelerate the Port's return beyond what is projected in the Finance Plan.
 3. The Center should be marketed so as to generate hotel room use, emphasize commercial activity of visitors to the Center, and to support the Eastside businesses operating within the Trade Center.

4. The facility, its environs and its services should be operated so that it maintains a competitively strong position with a high-quality image relative to the other facilities it competes with, and to support and encourage repeat business.

The financial performance of the Center over time generates its economic impact, and is what will ensure that the Port's return on and of its investment is realized. For that reason, determining the optimal **strategies** for operation of the new Convention and Trade Center should be re-examined in light of these operating principles, and these operating principles should be used as criteria for evaluating the best management structure for the Center.

The Feasibility team recommends that an operational re-assessment occur after the Center expansion is complete. This timing allows the construction to be managed by the existing seasoned management team, poses the operational review question when prospective operators can see the newly expanded Center, and allows for a potential hotel operator be considered as a potential operator of the Center.

The Joint Feasibility Team further recommends that the trade center program be managed and operated by the Port's existing contract operator (Columbia Hospitality). This will ensure that the Port's existing World Trade Center facility and the new World Trade Center Eastside are managed in a complementary manner, and that the World Trade Center Eastside benefits from the expertise of the Port's existing operator.

When the operational reassessment occurs, the objective should be to select an operating model and operator(s) who can optimize the Center's financial performance. The reassessment should focus on:

1. Management structure;
 2. Core marketing strategies;
 3. Yield management booking policies;
 4. Facilities and services desired by the convention and trade center markets; and
 5. Protecting the competitive position of the Center and existing Port meeting facilities.
- Legal authority - The City, the BCCA, and the Port have concluded that they each have the legal authority to proceed with the contemplated investments in the expansion of the Convention and Trade Center.

Process/ Next Steps

The Feasibility Team recommends that the City, Port, and BCCA adopt the Feasibility Report findings, conclusions and recommendations and that the City and the Port proceed to the second phase of the feasibility work.

The second phase of feasibility analysis should be comprised of further refinement of the expanded Convention and Trade Center program, the operating budget, the construction budget, and the legal documentation necessary to implement the recommendations of this Report.

ALTERNATIVES

1. Accept the recommendations of the Feasibility team, and direct staff to bring forward an amendment to the MOU incorporating the Feasibility Study results
2. Provide alternate direction to staff

ATTACHMENT(S)

Attachment 1. MOU between the BCCA, the City of Bellevue, and the Port of Seattle

Under Separate cover: Report of the Joint Feasibility Team on Proposed Meydenbauer Expansion

July 22, 7:30 am Version

REC NO. 35688
 CITY OF BELLEVUE
 DATE 4/27/04
MT
 CCO FILE# 04-347
RS 6984

MEMORANDUM OF UNDERSTANDING
REGARDING POTENTIAL EXPANSION OF MEYDENBAUER CENTER'S OFFICE
 April 27, 2004

The Bellevue Convention Center Authority ("BCCA"), a public development authority of the City of Bellevue, the City of Bellevue (the "City"), a Washington municipal corporation, and the Port of Seattle (the "Port"), a port district of the state of Washington have identified initial assumptions and a process for evaluating a potential joint investment in the expansion and repositioning of Meydenbauer Center in Bellevue, Washington (the "Center"). This Memorandum of Understanding ("MOU") documents the intent of the BCCA, the City and the Port (collectively the "Parties") to evaluate the feasibility of proceeding utilizing the assumptions, process and schedule outlined below. This work will be conducted jointly by the BCCA, the City and the Port staffs together with outside consultants (the "Joint Feasibility Team").

I. Interests and Objectives

- A.** The BCCA and the City consider the existing Center, now in its tenth year of operation, to be a successful and dynamic economic engine for the region. The existing Center has performed as well as, if not better than, comparably sized convention centers elsewhere in the United States. The BCCA and the City have concluded, however, that expansion of the Center will be necessary to ensure the Center's long-term viability as the centerpiece and driver for economic development in East King County. The expanded Center would serve the meeting needs of local businesses, would attract convention visitors to the region, and would satisfy regional and national demand for larger convention and meeting space. In addition, repositioning the Center as a trade center would expand the market for the Center, enabling it to enhance current efforts to promote jobs and trade in the region.
- B.** The Port plays an important role in the region by stimulating economic development through its investments in critical infrastructure such as the airport, the seaport and the central waterfront projects, including the existing Bell Harbor International Conference Center and World Trade Center. The Port is interested in determining whether expanding the Center in a manner that would complement its current World Trade Center vision and objectives would enhance convention, trade and conference activities for King County businesses, thereby better stimulating economic growth in the region. The Port is interested in an Eastside investment that will help the diverse Eastside businesses perform more effectively on the global stage.
- C.** The City and the Port are committed to regional governmental collaboration and cooperation, are fully aligned in their commitment to regional economic development and are committed to further exploring the potential of jointly investing in the expansion of the Center.

II. Program and Design

- A. The current plan for the expanded Center anticipates the addition of approximately 281,000 square feet to the existing 330,500 square-foot Center. The expansion would include a new 24,000 square foot ballroom and related meeting rooms, a 24,900 square foot addition to the Exhibition Hall, 151,000 square feet of parking and related support space. This expansion plan is based upon independent studies that identify the optimum size and services the expanded Center needs to competitively meet local, regional and national market demand.
- B. From the date of this MOU through June 30, 2004 (the "Feasibility Period"), the Joint Feasibility Team will review the expansion plans and budget to confirm that they would meet the expanded mission for a convention and trade center both cost effectively and in a manner that would compete effectively in the market.
- C. At the end of the Feasibility Period, the Joint Feasibility Team will recommend the core assumptions for an optimum conceptual design, programming and budget for the expansion of the Center.

III. Investment Structure and Financial Analysis

- A. The BCCA, the City and the Port are considering the investment of approximately \$55 million in this expansion project. This budget will be confirmed and refined during the Feasibility Period and thereafter by the Budget and Operations Review Committee, described below.
- B. The City will consider making a commitment of a new investment of approximately \$30 million, backed by Transient Occupancy Tax ("TOT") revenues, to the expansion project.
- C. The Port will consider making a commitment of a total equity investment of \$25 million into the expansion project. Any increase in the project budget, approved by the Parties, will be funded by the City. The Port's \$25 million equity investment will include a priority equity investment of \$15 million which would entitle the Port to a priority return over 30 years.
- D. The Port's return on its equity investment would be paid out of Center cash flow after repayment of City debt (old and new) associated with the Center, the cost of Center operations, and agreed upon reserves.
- E. The City will commit sufficient proceeds from the TOT to finance the investment in the expansion of the Center, to support the mission and objectives of the Center and to fund the Port's return on its equity investment.

- F. When the Center is completed, the Port's and the City's ultimate interests in the Center would be based upon their respective investments in the expansion and the asset value of the existing Center, documented in a manner acceptable to the Parties. Surplus funds from operations of the Center, to be defined during the Feasibility Period, may be distributed to the City/BCCA and the Port according to their pro rata interests.
- G. Joint financial analysis during the Feasibility Period will confirm the financial feasibility of expanding and operating the Center consistent with the BCCA, the City and the Port's interests and objectives.

IV. Governance and Operations

- A. As currently contemplated, the expanded Center will be managed by a public development authority, currently known as the BCCA.
- B. In recognition of its investment in the expansion plan, during the Feasibility Period, the Joint Feasibility Team will evaluate the appropriate role for the Port in the governance of the Center consistent with the BCCA, the City and the Port's interests and objectives.
- C. During the Feasibility Period, the Joint Feasibility Team will identify and recommend core principles, assumptions and strategies for the expanded Center program, marketing and operations. These core principles, assumptions and strategies will address, at a minimum, such factors as financial performance expectations, quality expectations, optimum facilities and services for successful convention and trade center activities, desirable booking policies, avoidance of competition with other City and Port initiatives, and core marketing strategies.

V. Legal Authority

- A. The Parties are entering into this MOU having made the initial determination that they each have all legal authority necessary for participation in the joint expansion project in the manner contemplated.
- B. During the Feasibility Period and before proceeding with the joint investment in the Center expansion plan, the Port will confirm that it has all legal authority necessary for its participation in the joint expansion project in the manner contemplated, and address any legal issues associated with the optimum governance and investment structures identified during the Feasibility Period.
- C. During the Feasibility Period and before proceeding with the joint investment in the Center expansion plan, the BCCA and the City will confirm that they have all legal authority necessary for their participation in the joint expansion project in the manner

contemplated, and that it will not violate any existing or anticipated bond covenants or any existing legal obligations associated with the Center, and address any legal issues associated with the optimum governance and investment structures identified during the Feasibility Period.

VI. Feasibility Analysis and Timeline

- A. Based upon an initial determination that joint investment in the expanded Center could meet the BCCA, the City and the Port's interests and objectives, the Joint Feasibility Team is directed to conduct a feasibility analysis of the expansion plan during the Feasibility Period which shall include, but not be limited to:
 - i. *Program and Design* – Confirming that the contemplated expansion program and design will meet, or can be adjusted to meet, the needs of both the expanded convention and trade businesses, both cost effectively and competitively in the market;
 - ii. *Investment Structure and Financial Analysis* – Confirming that the contemplated investment structure will be financeable by the BCCA and the City and can be reasonably expected to support the anticipated return on the Port's equity investment;
 - iii. *Governance*–Identifying a governance structure consistent with all of the Parties' interests and objectives;
 - iv. *Operations* – Identifying the core principles, assumptions and strategies for the expanded Center's operations;
 - v. *Legal Authority* – Confirming that all necessary legal authority exists for the BCCA, the City and the Port to engage in the joint expansion project in the manner contemplated, and address any legal issues associated with the optimum governance and investment structures identified during the Feasibility Period; and
 - vi. *Communications* – Confirming that community and stakeholders' issues and perspectives are factored into the feasibility analysis and that appropriate education and outreach on the Center expansion concept is conducted.
- B. At the end of the Feasibility Period, the Joint Feasibility Team will issue joint recommendations to the BCCA Board, the City Council and the Port Commission on whether or not to proceed with the joint investment in the expansion project and on the core terms and conditions necessary to meet the BCCA, the City and the Port's interests and objectives.
- C. Upon approval and adoption of these recommendations with modifications, if any, by the Parties, the City and the Port will establish the Budget and Operations Review Committee and the

Joint Feasibility Team will be directed to concurrently prepare all necessary legal documentation required for the joint investment in the expansion.

- D. If the Joint Feasibility Team's recommendations have not been approved by the Parties, or modified and approved, or the Budget and Operations Review Committee has not been established by June 30, 2004, this MOU shall terminate.

VII. Budget and Operations Review Committee

- A. The Budget and Operations Review Committee will be comprised of seven (7) individuals appointed by the City Manager and the Port in the ratio of the respective interests in the expansion project. The City's appointments will include the four (4) current members of the BCCA Board with unexpired terms and one additional appointee which may or may not be a current Board member. The Port will appoint the remaining two (2) members. The Committee will act in accordance with the governance model adopted at the end of the Feasibility Period.
- B. The Budget and Operations Review Committee will evaluate the optimum operations strategy and team in accordance with the core principles, assumptions and strategies identified in IV-C, above and review and refine the budget for the expansion based upon the feasibility analysis and the review of operations.
- C. Prior to November 11, 2004, the Budget and Operations Review Committee will issue its findings and recommendations to the BCCA, the City and the Port.
- D. Prior to November 23, 2004, the City and the Port will approve or reject the Budget and Operations Review Committee's recommendations.
- E. If the City and the Port approve the Budget and Operations Review Committee's recommendations, the BCCA Board will be reconstituted by the appointment of the Budget and Operations Review Committee to the Board, the City and the Port will commit to fund the expansion and expansion implementation will commence.
- F. If the City and Port reject the Budget and Operations Review Committee's recommendations or do not make a decision by November 23, 2004, this MOU will terminate.

VIII. Budget

The feasibility analysis for this collaboration and legal documentation for the joint investment in an approved expansion plan will cost up to \$250,000, which cost, subject to scopes of work and budgets

approved by the Parties, will be shared equally by the BCCA and the Port.

IX. Further Action

The Parties to this MOU acknowledge that the only commitment they are making is to fund the feasibility analysis as described in Section VIII. The Parties agree they are not committed to further action under this MOU, nor to any recommendations or proposals set forth under the feasibility analysis until the Parties' governing bodies have issued the appropriate approvals.

AGREED AND ACCEPTED this 27th day of April, 2004

CITY OF BELLEVUE

By: _____

Its: _____

PORT OF SEATTLE

By: _____

Its: _____

BELLEVUE CONVENTION CENTER AUTHORITY

By: _____

Its: _____

ORIGINAL

CITY OF BELLEVUE, WASHINGTON

RESOLUTION NO. 6984

A RESOLUTION authorizing the City Manager or his designee to execute a Memorandum of Understanding (MOU) between the City of Bellevue (COB), the Bellevue Convention Center Authority (BCCA) and the Port of Seattle (Port) documenting the intent of the City, the BCCA, and the Port to evaluate the feasibility of proceeding with a joint investment in the expansion and repositioning of Meydenbauer Center.

THE CITY COUNCIL OF THE CITY OF BELLEVUE, WASHINGTON, DOES RESOLVE AS FOLLOWS:

Section 1. The City Manager or his designee is authorized to execute a Memorandum of Understanding (MOU) between the City of Bellevue (COB), the Bellevue Convention Center Authority (BCCA) and the Port of Seattle (Port) documenting the intent of the City, the BCCA, and the Port to evaluate the feasibility of proceeding with a joint investment in the expansion and repositioning of Meydenbauer Center, copy of said MOU has been given Clerk's Receiving No. 35688.

Passed by the City Council this 26th day of April, 2004, and signed in authentication of its passage this 26th day of April, 2004.

(SEAL)

Connie B. Marshall
Connie B. Marshall, Mayor

Attest:

Myrna L. Basich
Myrna L. Basich, City Clerk



Agenda

CITY COUNCIL REGIONAL ISSUES COMMITTEE

Page No.

July 26, 2004
6:00 p.m.
Council Conference Room

- 1) Call to Order
- 2) Approval of Agenda
- 3) Discussion / Action Items
 - (a) I-405 Early Environmental Investment (EEI) Projects
 - (b) HCT Interest Statement Refinement
 - (c) Regional Human Services Task Force - Report and Interest Statement Refinement
- 4) Legislative Status Report
 - (a) State Legislative Update
 - (b) Federal Legislative Update
- 5) Information Items
 - (a) Verbal Reports: Regional/Government Agencies (as appropriate):
 - Eastside Transportation Program
 - Growth Management Planning Council
 - Metropolitan King County Council
 - Puget Sound Regional Council
 - Sound Transit
 - Suburban Cities Association
 - (b) Monthly Background Briefing Paper(s):
 - Metropolitan King County Regional Committees (RPC, RWQC, RTC)
 - Puget Sound Regional Council (PSRC)
 - Sound Transit